

CA20NAF

-62 M15

General publications

C2-112

Marketing Milestones
In Ontario
1935-1960

by

G. F. PERKIN

Ontario Department of Agriculture

Parliament Buildings, Toronto

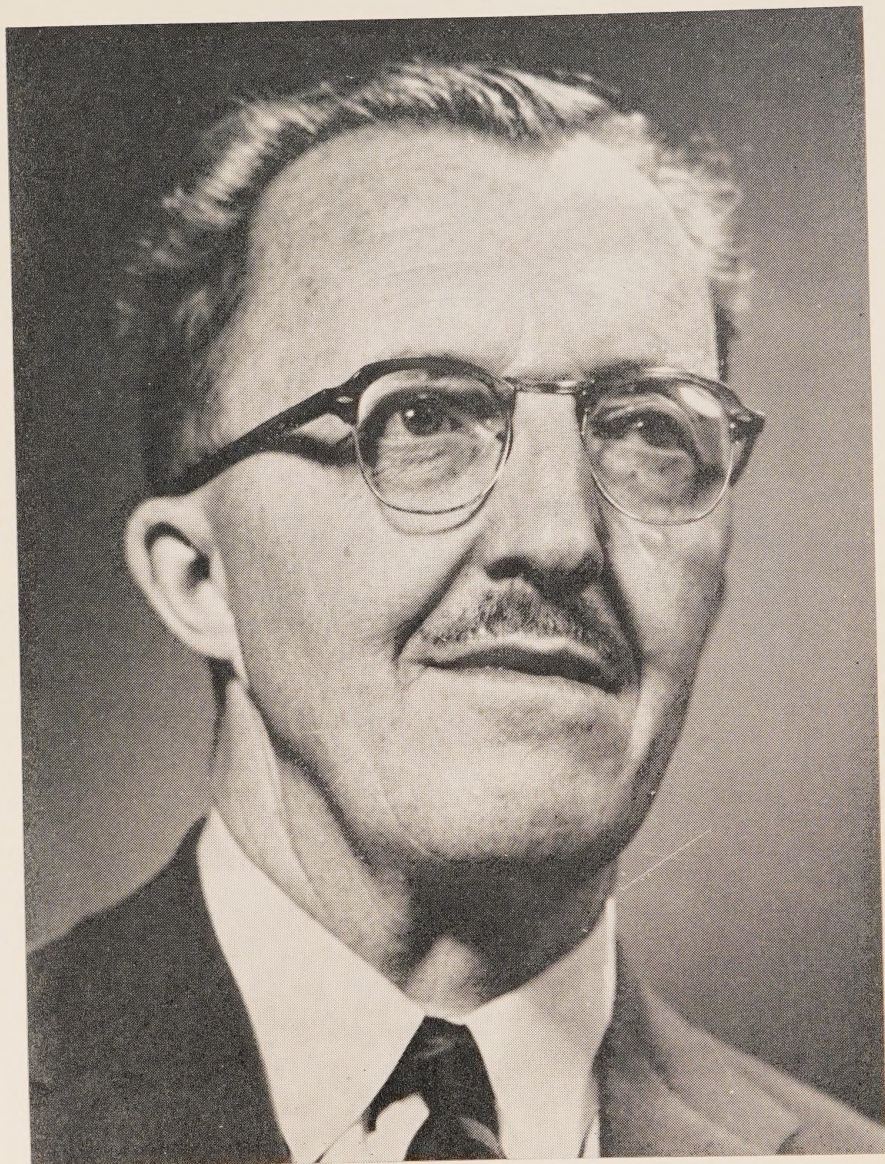
and food

CA 2 φN AF
62 M15



A brief review of Ontario's compulsory farm marketing programme, excepting milk, from 1935 through 1960 and of the events leading up to the passing of The Ontario Farm Products Marketing Act.

* * *



G. F. PERKIN



FOREWORD


In 1931, Frank Perkin, a recent graduate of the University of Toronto, was appointed Secretary to the Marketing Commissioner of the Ontario Department of Agriculture. At that time the Markets Branch was primarily concerned with agricultural market development programmes of a type that could be conducted through the existing channels of trade. With Canada in the midst of a depression, however, farmers began to realize that their bargaining position was and would continue to be quite ineffective as long as they operated individually. Accordingly they began to petition for legislation which would enable them to conduct their operations in a collective manner. Their petitions were respected and the first Farm Products Marketing Act in Ontario was enacted in 1937. Although the legislation has been amended on several occasions since, the basic principle of empowering farmers to regulate and control the marketing of their products has been maintained.

This booklet, "Marketing Milestone in Ontario", contains an account of the trials and tribulations on one hand and the successes on the other hand of those who played an active role in the promotion and administration of the various marketing plans. It is significant that the writer of the booklet exercised a guiding hand over the programme during the years covered by the booklet. In 1939 he was appointed Assistant Director, Co-operation and Markets Branch. Four years later he was promoted to the Directorship. In 1945 this title was changed to that of Commissioner of Marketing. In the meantime he was also serving as Chairman of the Farm Products Marketing Board, an appointment which dated from 1942. He continued to serve in that capacity until 1959. Thus he occupied the key position in the development of marketing programmes during the critical period of their operations. Undoubtedly his good judgment and wise counsel prevented many a zealous promoter from falling into pitfalls which might have endangered the success of the plan.

Mr. Perkin also played an active role in the establishment of the Ontario Food Terminal, Toronto's modern wholesale produce market, erected primarily for selling fresh fruits and vegetables. Since 1946 he has served as Chairman of the Ontario Food Terminal Board.

W. P. Watson
Assistant Deputy Minister

November, 1962,
Toronto,
Ontario.



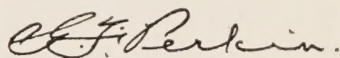
Digitized by the Internet Archive
in 2022 with funding from
University of Toronto

Port Credit,
Ontario.

This booklet was written for two reasons. The first was to set down a brief commentary, some of it controversial, on the highlights of the Ontario experience in the compulsory farm marketing movement, excepting milk, during the 1935-1960 period. The end of this period was marked by the reorganization of the Ontario Farm Products Marketing Board through the retirement of most of its civil service members from Board duties and the appointment to the Board of members from industry. As now constituted, it was possible to separate the work of the Board from that of the Department of Agriculture and thus strengthen the overall marketing programme of the Province. The second was to pay tribute to a number of the early leaders and through them to a much larger group of men who gave freely of their time and talents in promoting this programme. Special mention is made of W. B. Somerset whose work helped to inspire the Farm Marketing Acts; the Honourable Thos. L. Kennedy who largely fathered the Farm Marketing Acts and to the Honourable Leslie M. Frost, P.C., Q.C. whose administration made the Farm Marketing Acts legally effective.

Full responsibility for everything said is assumed by the author and the opinions expressed are in no way to be regarded as the views or the policy of the Ontario Department of Agriculture.

I gratefully acknowledge the assistance of my secretaries, Miss Elizabeth Wallace and Miss Marie Fry for their patience and perseverance in retyping several revisions of the copy due to the points of agricultural economics and constitutional law being summarized by one who was neither a lawyer nor an economist.



G. F. Perkin

September, 1962,



W. B. SOMERSET
Burlington, Ontario

Ontario's First Commissioner of Marketing
Ontario Department of Agriculture
1931-1937

WILLIAM BEAUFORT SOMERSET

Following a brilliant business career in the advertising field, Will Somerset retired in 1922, financially independent at the early age of 47 after disposing of the company he then headed. In a position to enjoy what he preferred to do rather than what he had to do, he purchased a large fruit and dairy farm at Burlington, Ontario. Still too young and active to be a retired country squire, Somerset was soon attending farm meetings in his community and taking an increasing interest in the business side of Ontario agriculture. As a regular overseas visitor and an occasional shipper of fruit from his own farm to the British market, he took the opportunity of following some of his produce through Covent Garden Market, London, England, to check up on the commission charges and other dues and levies made by the fruit importers. As a result of a report of his investigations the Ontario Government asked him to act as an Overseas Commercial Representative for the Ontario fruit arriving on the British Market during the 1927 and 1928 seasons. Mr. Somerset served in this capacity on a voluntary basis for two years and ended up by actually handling the fruit exported by several Ontario shippers. By 1929 the volume of business had grown to the point where the Ontario Fruit Growers' Association had to set up a separate company and engage a full time Overseas Representative to handle the business. Because of the success of this work, W. B. Somerset was appointed a Commissioner to investigate fruit and vegetable marketing in Ontario in 1930. On submitting his report in 1931, the Crops, Co-operation and Markets Branch of the Ontario Department of Agriculture was re-organized and headed by Somerset. In 1932 he was appointed a Commissioner to investigate marketing conditions in the Ontario dairy industry and his recommendations to the then Ontario Minister of Agriculture had much to do with the establishment of the Ontario Milk Control Board in 1934 and subsequent producer organizations in all branches of dairying. He continued as Ontario's first Commissioner of Marketing until his retirement in 1937. His lifetime career in marketing left its imprint on the Ontario farm marketing programme in many ways. Perhaps his greatest contribution was made on behalf of several farm groups in organizing and drafting the first Ontario farm marketing schemes under The Canada Natural Products Marketing Act, 1934-1935. The evidence accumulated in this work set in motion the organization of the Ontario farm marketing schemes to be approved under The Ontario Farm Products Marketing Act beginning in 1937.

CONTENTS

	Page
Foreword	iii
Chapter 1. The Ontario Farm Products Marketing Act	1
Chapter 2. The Approval of the Ontario Farm Product Marketing Plans	9
Chapter 3. The Ontario Farm Product Marketing Plans Which Continued In Operation	
(a) The Cheese Marketing Plan	19
(b) The Fruit and Vegetable Processing Plans	21
(c) The Seed Corn Plan	26
(d) The Sugar Beet Plan	27
(e) The Dry Bean Plan	28
(f) The Cream Plan	31
(g) The Soya-Bean Plan	32
(h) The Concentrated Milk Plan	33
(i) The Flue-Cured Tobacco Plan	34
(j) The Wheat Marketing Plan	45
(k) The Hog Marketing Scheme	50
(l) The Fresh-peach Plan	65
Chapter 4. The Ontario Farm Product Marketing Plans Which Lapsed.	
(a) The Holland Marsh Growers' Marketing Scheme	69
(b) The South Essex Growers' Marketing Scheme	70
(c) The Erie-St. Clair Onion Growers' Marketing Scheme	71
(d) The South-Western Ontario New Potato Growers' Marketing Scheme	72
(e) The Ontario Honey Producers' Marketing Scheme	73
(f) The Bradford Marsh Fresh Vegetable Growers' Marketing Scheme	74
(g) The Essex-Kent Sett Onion Growers' Marketing Scheme	75
(h) The Winter Celery Growers' Marketing Scheme	77
Chapter 5. The Constitutional Crisis — 1955-1957	78
Chapter 6. Conclusion	87

ILLUSTRATIONS

	Page
G. F. Perkin	ii
W. B. Somerset	vi
The Honourable Thos L. Kennedy	8
G. R. Green	18
W. C. Nickerson	22
J. Fred Thomas	25
J. A. Garner	29
A. Leitch	35
The Honourable Leslie M. Frost	79
M. M. Robinson	86

THE ONTARIO FARM PRODUCTS MARKETING ACT

The Ontario Farm Products Marketing Act did not just happen. It resulted from a long period of agricultural unrest and marketing legislation in other jurisdictions which set the stage for its passing in 1937.

Beginning in 1920 farm prices and incomes fell severely in a country heavily dependent on exports of primary products. Not only had farm incomes declined from 1920 to 1922 but the recovery of raw material prices to 1929 had been modest. The "pooling" programmes which became popular in the 1920's as a result of the "Sapiro" farm marketing co-operatives, which included in most instances a signed contract, did not prove successful. Complete control of the product by the co-operatives was not achieved. Members held the umbrella for general stabilization. Non-members were in a position to take advantage of any benefits in price resulting from the actions of the co-operatives without shouldering any of the burdens or responsibilities. At the same time they could snipe at prices and under-cut to the point where sooner or later the whole structure hit bottom. Real depression began in 1929 and from then until 1933 intensified. Farmers looked for some means or other of resisting the fall in their incomes and turned to marketing adjustments as the United States had done under its Federal Farm Board programme during 1929 to 1931. During the 1920's and especially from 1927 to 1929, Canada witnessed a burst of consolidation resulting in large organizations in the canning, meat packing, milling and other food product industries. Canadian Cannery Limited absorbed many small fruit and vegetable canning companies, particularly in Ontario. Canada Packers Limited absorbed four meat packing companies. Western Canada feared the Nash combination which was dominant in the sale of fresh fruits and vegetables in the four western provinces. In part these consolidations represented larger firms absorbing smaller ones which had excess capacity, but farmers were suspicious of the reduced number of buyers for their products. The Royal Commission on Mass Buying and Price Spreads in its hearings in 1934 had widely publicized certain aspects of large-scale buying which convinced farmers that the incidence of the depression was falling with undue severity on the prices of farm products. Their numbers, their rugged individualism, their vulnerability increased by the perishable nature of their product, made farmers feel they were the victims of all the poorer practices of the free enterprise system.

But because the farm marketing co-operatives coming into being across Canada for the previous fifty years had not proved fully successful, farmers now demanded a tighter form of marketing organization to include all the producers of a particular product. Basic reasons for the compulsory board form of organization were the same as for the voluntary co-operative: i.e.,

1. a desire for higher prices. Most farm marketing organizations either begin or experience their greatest growth in periods of low prices;
2. a desire for more stable prices. The price of farm products fluctuates greatly and often for no apparent reason. Farmers are more interested in a steady flow of farm products to market at stable prices than in wide price fluctuations;
3. a desire to improve the bargaining position of agriculture. This was the fundamental issue in the thinking of most advocates of the new form of farm marketing organization. The fact there are small numbers of large organizations who buy from a large number of relatively small producers means there is imperfect competition. The bargaining power of the individual farmer in the market place is negligible.

For these reasons agricultural producers, sparked by the able leadership of dairy farmers and fruit and vegetable growers, generally applauded the passage of The Milk Control Acts or The Public Utility Acts by the Governments of Alberta, Manitoba and Quebec in 1932, British Columbia and Ontario in 1934 and of the compulsory Natural Products Marketing Act by the Government of Canada in 1934.

The Dominion Natural Products Marketing Act, 1934

Canada joined those countries in 1934, then thirty-eight in number, which had passed legislation designed to facilitate compulsory farm marketing. This form of organization originally developed in Queensland, Australia, and took its first shape there in The Queensland Primary Products Act of 1922. The essential feature of the Australian Acts and subsequently their British and Canadian counterparts is that where the majority of the producers of a commodity desire to sell their product collectively the minority may be compelled by law to conform, excepting only those the producers themselves exempt. Experience had already shown in the decline of producer marketing co-operatives that no matter how organized voluntarily any large group will always contain some who are prepared to break away, cut prices or give secret rebates of one form or another.

The Dominion Natural Products Marketing Act provided for a Dominion Marketing Board to administer the Act which had wide powers to regulate the marketing of natural products, including the time and place of marketing and control of the quantity and quality marketed. In addition the Dominion Board was authorized to delegate some or all of its powers to local commodity boards organized by the producers in defined areas. These local boards, through Federal authority, were authorized to control interprovincial and export trade in their product and, through Provincial authority, they were to be authorized to control intraprovincial trade in their product. Only marketing schemes where a large proportion of the product concerned was marketed interprovincially or for export were approved under the Dominion Act. The Dominion Board was further authorized to regulate or restrict imports in competition with a regulated product and if deemed

desirable could delegate the power to a local board. As far as is known this power was never exercised. The compulsory marketing scheme method of organization was to be the means of eliminating destructive competition, particularly among the producers, so that higher prices would result. Authority was provided to hold back produce when an over-supply threatened and to protect the the domestic market from foreign competition by import restrictions.

In the brief one-and-a-half year history of the operation of The Dominion Natural Products Marketing Act some twenty-two natural product marketing schemes were approved, located chiefly in British Columbia and Ontario. Typical were the B.C. schemes covering Tree Fruits (apples, peaches, pears and cherries), Red Cedar Shingles, Dry Salt Herring and Dry Salt Salmon, Halibut, Lower Mainland Milk, Interior Vegetables, Hothouse Tomatoes and Cucumbers, Small Fruits and Coast Vegetables. Those from Ontario included cheddar cheese, flue-cured and burley tobacco and dry beans. The only Maritime plan was the Grand Manan Smoked Herring Scheme from New Brunswick. Several additional schemes covered more than one Province such as the Canada Fruit Export (apples and pears), Eastern Canada Potato, Canada Jam and Processed Berry, Canada Dairy Products Market Equalization and Canada Butter Export Stabilization Schemes. The latter two operated for one year and were administered by the Dominion Board. The B.C. Small Fruits, Processed Berry and Sheep Breeders' Schemes never came into operation.

The Dominion Natural Products Marketing Act, 1934, was born in an atmosphere of violent political opposition from many directions. When the Liberal Administration assumed office in 1935, the Act was referred to the Supreme Court of Canada for an opinion as to its validity. Thereafter no more applications for marketing schemes were accepted by the Dominion Marketing Board but the schemes then in force remained in operation. In June, 1936, the Supreme Court questioned the validity of the Act. The opinion of the Supreme Court was referred to the Judicial Committee of the Privy Council for confirmation. The judgment of that body upheld the opinion of the Supreme Court early in 1937. It declared the Dominion Act unconstitutional on the grounds that it infringed Provincial jurisdiction over matters of property and civil rights and individual forms of trade and commerce confined to the Provinces. The Dominion Act was repealed by the House of Commons during its spring session in 1937.

The British Columbia Natural Products Marketing Act, 1934

Possibly expecting an adverse decision on The Dominion Natural Products Marketing Act, 1934, by the Supreme Court of Canada, the Province of British Columbia, which in 1927 and again in 1929, made two ill-fated legislative attempts at agricultural marketing legislation in its Produce Marketing Act and its Dairy Product Sales Adjustment Act, passed a Natural Products Marketing Act, 1934, almost identical in substance to The Natural Products Marketing Act (Canada), 1934. British Columbia's 1927 Act had been declared ultra vires in 1931 because it infringed Federal juris-

diction in matters of interprovincial trade. Its 1929 Act had been declared ultra vires in 1932 because the levies provided for equalization of prices were determined to be indirect taxes, likewise an exclusive Federal field. Consequently the British Columbia hope for its 1934 Act in conjunction with a virtually similar Dominion Act of the same year was that any powers not resident in the Federal Government could ipso facto be provided by the Provincial legislation. British Columbia declared its Act in force the day after the Supreme Court of Canada questioned the validity of the Dominion Act in June, 1936.

In 1938 the Privy Council upheld the vires of The British Columbia Natural Products Marketing Act. This important decision established the right of each Province in Canada to provide for the effective regulation and control of the marketing and transportation of natural products within the Province. The authority to regulate and control the marketing of natural products in interprovincial and export trade rested with the Canadian Government whose authority moreover was limited to this field.

Immediately the then Canadian Chamber of Agriculture recommended that each Province pass a natural products marketing act of its own and by 1940 all, excepting Quebec, had done so. The Chamber further urged the Dominion to pass a Federal Marketing Act limited to interprovincial and export trade and a draft of a short Bill prepared by the Solicitor for the B.C. Tree Fruit Marketing Board was submitted by the Chamber (now the Canadian Federation of Agriculture) to the Federal authorities in 1940. By this time war had broken out so the matter was dropped as the Federal Government had more than all the authority necessary at the time under The War Measures Act.

The Ontario Farm Products Marketing Act, 1937

As soon as the Privy Council declared The Dominion Natural Products Marketing Act unconstitutional, the Ontario Legislature passed The Ontario Farm Products Control Act, 1937, in order to allow the Ontario marketing schemes operating under the Federal Act to continue without interruption and also to offer this form of organization to any other interested commodity group under provincial authority. The Act had the unanimous approval of all members of the Ontario Legislature when it was passed in 1937. Its purpose was to provide for the control and regulation in any or all respects of the marketing within the Province of farm products including the prohibition of such marketing in whole or in part. The Farm Products Control Board of the Ontario Department of Agriculture was provided as the agency to administer the Act.

In 1946 several sections of the Act were amended for clarification and its name changed to The Ontario Farm Products Marketing Act.

In 1955 the Act was amended in order to define the specific powers which may be delegated to producer marketing boards and to define the specific powers to be administered by the Farm Products Marketing Board. In addition, the terms upon which a proposed marketing scheme may be approved or an existing scheme amended or revoked were revised and extended. The

major amendments, however, provided for a wide extension of the powers respecting the appointment of marketing agencies and the authority of marketing agencies to direct the marketing, to fix the price or prices and to prohibit the marketing of any regulated product.

In 1957 the main provisions of the Act scattered through the many explanatory sections were re-arranged in their proper order. All the powers the Farm Products Marketing Board was authorized to administer were grouped in one section. All the powers the Farm Products Marketing Board was authorized to delegate to a producer marketing board were grouped in two sections. The word "scheme" was misguidedly dropped from the legislation, at the request of some of the farm groups, as indicating something sinister or underhand and henceforth all arrangements were known as "plans". In most other jurisdictions, particularly Great Britain, Australia and New Zealand, the word "scheme" continues in use due to its wider meaning of a programme of action to attain an end or to accomplish a project through a system of correlated things. A plan only devises or designs some action or arrangement still to be carried out. The same commodity groups preferring "plan" to "scheme" also refused to consent to a provision setting out the "purposes of the plan" being added to the regulations.

In 1958 the sections of the Act not revised in 1957 were amended primarily to authorize the Farm Products Marketing Board to make regulations respecting the manner of conducting plebiscites on proposed marketing plans or on their continuation, to define what constitutes a producer for the purpose of a plebiscite, to provide for the registration of producers and the preparation and revision of voters' lists.

In 1959 the Act was amended to provide for similar procedures as in The Ontario Elections Act to deal with irregularities in the conduct of plebiscites of producers. Payment of returns to producers through local boards and marketing agencies and deductions of producer licence fees and service charges by local boards and marketing agencies were authorized. The purchase or otherwise acquiring of quantities of the regulated product by marketing agencies was approved. The Farm Products Marketing Board was empowered to limit the powers of a local board or a marketing agency and to revoke any regulation, order or direction of a local board or marketing agency.

In 1960 the Act was amended to empower the Farm Products Marketing Board to take over the assets of a marketing agency and to carry out any phases of its marketing programme deemed advisable during an interim period of reorganization or liquidation of its affairs in the event this type of marketing plan was voted out by the producers. Local boards were authorized to take over and exercise the functions of marketing agencies where this was desired instead of having two organizations involved in a marketing plan. The appointment of marketing agencies may now be revoked by the Farm Products Marketing Board without the recommendation of a local board. Perhaps the most important amendments were the authorities given to the Farm Products Marketing Board to approve of the amount of the service charges granted by a local board to a marketing agency and to approve of the making of grants by local boards and marketing agencies

to other organizations. The Farm Products Marketing Board must also be advised, in future, of any proposed change in the system of marketing being followed by any local board or marketing agency and additional supervisory powers were extended to the Board over the operation of all marketing plans.

A marketing plan is comprised of two parts. Part I is the plan. The plan is approved by the Lieutenant-Governor in Council on the recommendation of the Minister of Agriculture. The plan is the "dry bones of the law". The plan constitutes the producer marketing board as the local board to administer the plan. It provides for the method by which the local board is to be elected. It defines the farm product or products to be regulated under the plan and the portions, if any, of the farm product to be exempt from the regulations of the plan. Part 2 are the regulations. The regulations are made by the Farm Products Marketing Board. The regulations are the "blood and tissue" of the marketing plan. After the plan has been determined by the Lieutenant-Governor in Council it is filed with the Registrar of Regulations, Department of the Attorney-General, and immediately the regulations made by the Farm Products Marketing Board are also filed, and both are published in the Ontario Gazette at the same time. The regulations prescribe the farm product or products to be marketed under the plan as regulated product(s) and define the extent of the regulation or control over the marketing of the regulated product(s). The regulations provide for the exemption, if any, from any part of the regulation or control over the marketing of the regulated product(s) and define the persons or classes of persons to be licensed under the plan and by whom, i.e. by either the Farm Products Marketing Board or by the local board. The regulations provide for the collection of licence fees or service charges, payable by the producer, on the regulated product or products to pay for the administrative or marketing expenses of the local board. Finally the regulations set out the powers delegated by the Farm Products Marketing Board to the local board or to an agency of the local board to carry out the purposes of the plan.

The Dominion Agricultural Products Marketing Act, 1949

After the lapse of the last of the World War II price and trade controls, the Government of Canada passed its Agricultural Products Marketing Act in 1949. The Act was similar to the earlier one requested by the Canadian Federation of Agriculture in 1940. Under this Act, Provincial local boards and marketing agencies may have the same powers granted them by their Provincial Governments extended into the interprovincial and export field by the Government of Canada. In this way it was thought that the problem arising out of the Privy Council decisions in 1937 and 1938 had been overcome and the necessary flexibility achieved. Regulation over the marketing of a farm product anywhere was now believed possible under a combination of Provincial and Federal law.

The Canada Agricultural Prices Stabilization Act, 1958

This Act replaced the former Canada Agricultural Prices Support Act passed in 1944. As a result of the acceptance by

farmers of price ceilings during World War II the Parliament of Canada provided a formal basis for agricultural price support for all farm products, except wheat, for the transition period from war to peace. No price formula was set out in the Act. The decisions as to the levels at which prices may be maintained or the commodities whose prices are to be supported were left to the agency administering the Act to recommend to the Government. The Agricultural Prices Stabilization Act, 1958, proposed by contrast to stabilize farm income by writing into the Act a definite system of guaranteed prices for agricultural products based on a ten-year moving average formula. The agency administering the Act is authorized to establish the base price for a commodity by calculating the average price at representative markets for the ten years immediately preceding the year in which the base price is established. The guaranteed price for such commodity will be set as a percentage of the base price. Nine key commodities: cattle, hogs, sheep, butter, cheese and eggs; and wheat, oats and barley not grown in areas designated under The Canadian Wheat Board Act, are called "named commodities" in the Act on which prescribed prices of not less than 80 per cent of the base price must be set. All other commodities, natural or processed, are called "designated commodities" on which prescribed prices at such percentage of the base price as the Government approves will be set. The prescribed prices are to bear a fair relationship to the cost of production of each commodity. Prescribed prices for the "named commodities" are understood to be intended to be permanent through being set for a twelve-month period when their amount will be reviewed under the ten-year moving average formula before being set for a further twelve-month period. Prescribed prices for the "designated commodities" may continue for such period as the Government decides.

The impact of the new Canada Agricultural Prices Stabilization Act on the operation of the Ontario farm marketing plans became immediately pronounced. Six producer farm marketing boards promptly sought the shelter of the new security legislation for agriculture and succeeded in the case of wheat and hogs in having these products prescribed as "named products" and in the case of asparagus, peaches, sugar beets and soya beans in having these products prescribed as "designated products". The stabilized price arrangement on asparagus and peaches only lasted for one year but has continued in effect on the remaining four crops, while other farm commodity groups are now examining the Federal legislation closely for possible use.



THOS. L. KENNEDY

Dixie, Ontario

Ontario Minister of Agriculture, 1930-34 and 1943-1953

Prime Minister of Ontario, 1948-1949

Sponsored The Milk Control Act and many Amendments to
The Farm Products Marketing Act

2

APPROVAL OF THE ONTARIO FARM PRODUCTS MARKETING PLANS

The functions of the Farm Products Marketing Board leading to the approval of a proposed marketing plan are fourfold. Firstly, it receives requests from groups of producers seeking the approval of marketing plans and if a group represents 15 per cent of the producers affected by the proposed plan the Board investigates and considers the purposes of the plan. Secondly, if the Board is satisfied a proposed plan will promote the more efficient marketing of the farm product, it approves the plan and arranges for a plebiscite to be taken of the producers of the farm product on the question of favour of the plan. Thirdly, if the required percentage of the eligible producers vote in favour of the proposed plan, the Board recommends approval of the proposed plan to the Minister. A vote on the question of the continuation of an existing plan may be arranged for in the same way. Fourthly, the Board on its own account may resubmit the question of favour of an existing plan to a plebiscite of the producers of the regulated product at any time and where a request is received from a local board that an amendment be made of the purposes of the plan under which the local board is established, the Board may submit the question of favour of the proposed purposes.

The Board prescribes by regulation the manner of taking votes, the definition of a "producer" for the purpose of the vote, the registration of the producers, the preparation and revision of the voters' lists and all other matters relating to the conduct of the plebiscite.

The percentage of producers in favour of a proposed plan or the continuation of an existing plan or an amendment to an existing plan must not be less than $66\frac{2}{3}$ per cent of all persons who vote in the plebiscite.

From 1937 to 1956 Ontario's voting requirement was not less than $66\frac{2}{3}$ per cent of all persons eligible to vote must be in favour. In 1956 this requirement was changed to not less than 60 per cent of all persons voting and not less than 51 percent of all persons eligible to vote must be in favour. In 1957 the requirement was simplified to not less than 51 per cent of all persons eligible to vote must be in favour. In 1958 the requirement was changed again to not less than $66\frac{2}{3}$ per cent of all persons voting must be in favour which provision has since continued in effect.

From 1937 to 1945 polls on marketing schemes were conducted by signed petitions. From 1946 to 1951 polls were conducted by signed mailed ballots. From 1953 voting has been by secret ballot at designated polling booths. In 1960 a plebiscite on a proposed turkey plan was taken by the mail ballot method. This method offers several attractions. The producer can mark his ballot in the privacy of his own home, can vote with assured secrecy and not be subject to the pressures of the "fors" and "against" in public. The method also is far less costly than balloting at polling booths particularly for plebiscites on commodities produced over the whole Province. Plebiscites on farm marketing plans have

always been taken by mail in Great Britain and in the Province of Quebec.

Between 1937 and 1960 the Ontario Farm Products Marketing Board conducted thirty-nine plebiscites on the approval of proposed marketing plans or on the continuation of existing marketing plans. Twenty-nine of the plebiscites on the approval of proposed plans succeeded and ten failed. Five re-votes on the continuation of existing plans resulted in two winning approval and in three failing to obtain the necessary support. Two existing marketing plans were revoked on the recommendation of the local boards administering them without re-votes when it was obvious they failed to enjoy the continued support of their members. One existing marketing plan was revoked when the regulated product ceased to be produced commercially and two plans successfully voted on never came into operation. Tables 1, 2, 3 and 4 at the end of this chapter give the statistical record in detail of the plebiscites conducted by the Board between 1937 and 1960.

Objections have been voiced for a decade by farm organizations that Ontario's voting requirements have been too onerous and that up to 1957 plebiscites were influenced by producers not interested enough to vote. The result of a voting requirement based on a favourable percentage of those eligible means that those not voting are in effect "no" votes. Alternative proposals have varied widely but now appear to have hardened on a demand for a 51 per cent favourable vote of those voting as in a political election.

There are several differences in the democratic process between the composition of a compulsory farm marketing board and the constitution of Government. A marketing plan can limit the individual farmer's trading freedom in the sale of the farm product which may constitute a part of his livelihood without paying him any compensation. A marketing plan taxes the farmer to pay the cost of his marketing organization and this tax can be increased or decreased without the farmer's consent. A marketing plan is not subject to an automatic vote of confidence every four or five years as to whether it will continue in operation. Experience has shown that no marketing plan can hope to succeed unless the substantial majority of the farmers affected by it are actively in favour of it. Indifference is almost as bad as actual opposition. For these reasons it is difficult to concede that a single majority in favour, as in a political election, is sufficient enough producer support on which to approve a compulsory plan. Due to the opposing views, however, the voting requirements elsewhere in Canada and Great Britain on compulsory farm marketing plans are of interest.

Three of the Provinces set out their voting requirements in their farm or natural products marketing acts. The seven remaining Provinces establish their voting requirements by regulation under their marketing acts and so retain a greater degree of flexibility. British Columbia, Nova Scotia and Prince Edward Island require by regulation a 66-2/3 "yes" vote of those voting while Alberta requires a 51 per cent "yes" vote of those eligible to vote. Saskatchewan requires not less than 51 per cent "yes" vote of those voting or such higher percentage as the Government may determine in each case. Manitoba determines the majority necessary in the case of each application. New Brunswick requires a 66-2/3 per cent "yes" vote of those eligible to vote on proposed

dairy marketing schemes and a 75 per cent "yes" vote of those eligible to vote on all other farm product marketing schemes. Newfoundland determines the majority necessary in the case of each application. Quebec requires in its Act a 75 per cent "yes" vote of those eligible to vote. Originally Quebec also required that the vote must in addition represent 75 per cent of the value of the product to be marketed under the proposed plan but this requirement was left optional with the Quebec Agricultural Products Marketing Board in 1958. Great Britain also has a dual voting system which requires a 66-2/3 per cent "yes" vote of those eligible which vote must also represent 66-2/3 per cent of the quantity of the product to be marketed under the proposed scheme.

In the field of compulsory farm marketing, Ontario and Great Britain occupy similar unique positions in that the emphasis today is increasingly on the domestic market. On the other hand, compulsory farm marketing legislation was originally developed in the Southern Dominions for marketing farm products exported from the country of production. It is interesting then for us to study the procedure leading to the use of compulsory farm marketing legislation by Great Britain where farm marketing conditions are roughly the same as here in Ontario; i.e. (a) where the main market is the domestic market, (b) where food imports are increasing thus giving the consumers greater freedom to select from various foods which compete with domestic regulated products, and (c) where farmers have large urban markets and a good transportation system at their door-step which makes administratively difficult any high degree of regimentation and control. The problem is further aggravated in Canada due to a Federal system of Government which largely puts producer marketing legislation on a provincial basis in a country highly sensitive about any inter-provincial trade restrictions whereas in all other jurisdictions, including Great Britain, farm marketing plans cover the entire production of a crop produced in the country as a whole — not that portion produced in one province or state of a country.

Apart from a wide range of safeguards to assure protection of the non-farming groups, there are six major differences in the procedure leading to the approval of producer marketing schemes in Great Britain and in Ontario; i.e.

1. The first step in Great Britain under the Agricultural Marketing Acts is for the petitioners to submit the proposed scheme to the Ministers concerned (Agriculture and Food). This is usually by one or two or all of the Unions (i.e. National Farmers' Union of England, Scotland or Northern Ireland).
2. The British Ministers must then gazette and advertise the proposed scheme and allow at least six weeks' time for objections to be lodged. If any serious objection is made, the Ministers must direct the holding of a public inquiry, publish and consider the report arising therefrom. If the Ministers then wish to modify the proposed scheme the assent of the petitioners is requested. If the petitioners do not consent to the modifications the proposed scheme cannot proceed.
3. If the British Ministers are now satisfied that the proposed scheme will conduce to the more efficient marketing

of the proposed regulated product the Ministers lay the proposed scheme before each House of Parliament. If the Houses approve the scheme, the Ministers must make an Order bringing the scheme into force.

4. The suspensory period then begins during which time the proposed Producers' Marketing Board has no marketing powers but this Board must proceed to register the producers and arrange for the Returning Officer and his staff appointed by the Minister to hold the poll of the registered producers. Only producers who have registered with the Board can vote on the poll. Subject to minor exemptions any producer who does not register is not allowed to continue producing the regulated product in the event the proposed scheme is approved. If the result of the poll is sufficiently favourable to the scheme, then the Board assumes full powers. If not, the scheme ceases to have effect.
5. On every British Farmers' Marketing Board there must be at least two members and not more than one-fifth of the total membership appointed by the Minister of Agriculture who shall be persons from industry or commerce. The opinion seems to be held in Great Britain that producers have not been aware of the importance of choosing men of suitable quality to be their representatives on boards. The same combination of qualities needed to make a good farmer do not necessarily make a good board member. For this reason the British Acts provide for the appointment of members chosen by reason of recognized or proven commercial and financial ability.
6. The dual voting system in Great Britain whereby two-thirds of the total number of registered producers who must represent not less than two-thirds of the quantity of the regulated product produced must vote in favour in order for a scheme to be approved.

In view of the scattered location of several of our farm groups over wide areas in Ontario having common interests the British dual voting system appears much too complicated and too costly for adaptation here. Moreover, it gives a few large farmers an undemocratic advantage over a large number of small farmers which is undesirable under Canadian standards. It has already resulted in a proposed (apple and pear) marketing scheme in England, which had the approval of the Minister of Agriculture and of both Houses of Parliament, being defeated on the two-thirds majority vote on the acreage basis requirement, although it had been approved on the two-thirds majority vote of the registered growers.

But the feature of British practice that the Ministers concerned must gazette and advertise any proposed plan submitted to them and allow sufficient time for objections to be filed may be worthy of adoption in Ontario. Also that if serious objection is made, then a public inquiry must be held on the proposal and a report of the inquiry must be published before the proposal is voted on by the producers.

The main market for agricultural products in Ontario today is the domestic market. Except for relatively small quantities of pork

products, cheese, beef cattle, powdered milk and fall wheat, Ontario consumes practically all its agricultural products at home and in the case of several farm crops, the Province is not self-supporting. Except for the Province of Quebec this situation is largely reversed elsewhere in Canada where the main market for most agricultural products is outside the province of production.

Ontario geographically covers a large area extending from west to east a distance of 1000 miles and from south to north a distance of 1100 miles. It comprises several cities, towns and villages interspersed with highly specialized farming communities in the older sections, all of which are connected with a complete network of paved highways. The result is that with modern transportation facilities almost every farmer in Ontario has a local market practically at his back door. Because of the many local markets in Ontario, the practice of farmers selling retail or direct to consumers is actively encouraged. In fact, marketing plans usually exempt such transactions from control or regulation where the regulated product is marketed in its natural state to the consumer except to furnish information as to the extent of such sales.

As a result, the basic difference between The Ontario Farm Products Marketing Act and the compulsory farm marketing acts of most other jurisdictions is that the Ontario Act offers any producer commodity group a choice of **two** forms of organization or **two** methods of operation in developing a marketing plan for any farm product. The two forms or organization or methods of operation are:

1. by collective bargaining machinery to negotiate minimum prices and terms of purchase and sale to the producer for the regulated farm product; and
2. by designating a marketing agency corporation, private or co-operative, which may take possession of the farm product as the producers' agent, direct and control its marketing and fix the price that shall be paid to the producer for it.

At the close of the period under review there were fourteen marketing plans in force covering twenty-seven crops. The plans in operation and the year each was approved or consolidated with a prior existing plan were as follows:

The Ontario Asparagus Growers' Marketing Plan, 1938
The Ontario Pear, Plum & Cherry Growers' Marketing Plan, 1938
The Ontario Peach Growers' Marketing Plan, 1938
The Ontario Sugar-Beet Growers' Marketing Plan, 1942
The Ontario Seed-Corn Growers' Marketing Plan, 1942
The Ontario Berry Growers' Marketing Plan, 1944
The Ontario Bean Growers' Marketing Plan, 1944
The Ontario Vegetable Growers' Marketing Plan, 1946
The Ontario Hog Producers' Marketing Plan, 1946
The Ontario Grape Growers' Marketing Plan, 1947
The Ontario Soya-Bean Growers' Marketing Plan, 1949
The Ontario Fresh-peach Growers' Marketing Plan, 1954
The Ontario Flue-Cured Tobacco Growers' Marketing Plan, 1957, and
The Ontario Wheat Producers' Marketing Plan, 1958.

Twelve of the fourteen marketing plans regulating twenty-five crops operated on the collective bargaining basis and two marketing plans controlling two crops operated on the marketing agency basis. A brief comment on the function of the marketing plans divided into these two groups will illustrate the scope of their respective marketing activities.

1. The Negotiating or Collective Bargaining Plans:

Under this method a prescribed number of producer representatives appointed by their local board meets with a similar number of buyer representatives appointed by those licensed under the regulations establishing that local board. This Negotiating Committee is empowered under the authority delegated to it by the Farm Products Marketing Board to negotiate minimum prices and conditions of sale for the regulated product. If the Negotiating Committee fails to reach an agreement each side appoints one representative and these two are empowered to appoint a third representative to comprise an Arbitration Board. If agreement is not reached on the third representative the Farm Products Marketing Board appoints the third representative. Out of this will come an award fixing the minimum price and terms of sale for that regulated product which decision is final.

In this group there are presently in Ontario twelve marketing plans covering twenty-five farm crops. Flue-cured tobacco, nineteen fruit and vegetable crops for processing, sugar beets, seed corn, soya beans, dry beans and winter or soft wheat are marketed in this way by the farmer where he chooses subject to the price agreements negotiated for him and below the terms of which no person may trade. Flue-cured tobacco growers have superimposed selling by auction on top of a minimum price agreement or award by grade because they felt it was important, among other reasons, that tobacco be sold anonymously by numbered lots and that the buyers not know whose tobacco they were buying.

2. The Marketing Agency or Single Sales Agency Plans:

Under this method control of the regulated product is transferred from the farmer to a marketing agency corporation which has been appointed for the purpose by the Farm Products Marketing Board on the recommendation of the local board concerned. Prices and conditions of sale are set from day to day by the marketing agency. This marketing agency method is sometimes called the single sales agency method. In British Columbia it is called the "one desk deal". Under this method the single sales agency has full trading powers over the marketing of the particular farm product and the farmer has given up his right to decide when and how and to whom his crop will be sold. With all of the farm product behind it, the marketing agency has the exclusive authority to deal with all the various buyers. In this group there are presently in Ontario two marketing plans covering two crops; hogs and fresh peaches.

TABLE 1

The plebiscites on proposed marketing schemes which carried were:

<u>Year</u>	<u>Proposed Scheme</u>	<u>Number Eligible</u>	<u>No. Voting "Yes"</u>	<u>% Favourable of Those Eligible</u>
1937	Ontario Cheese Producers' Marketing Scheme (Voted on under Canada Natural Products Act, 1934. Never voted on under Ontario legislation.)			
1937	Ontario Peach Growers' Marketing Scheme	550	535	97%
1937	Holland Marsh Vegetable Growers' Marketing Scheme	175	125	71%
1937	South-Essex Vegetable Growers' Marketing Scheme	315	300	95%
1937	Ontario Asparagus Growers' Marketing Scheme	600	537	89%
1938	Ontario Pear, Plum & Cherry Growers' Marketing Scheme	631	624	98%
1939	Erie-St. Clair Onion Growers' Marketing Scheme	300	225	75%
1940	Ontario Tomato Growers' Marketing Scheme	4,397	4,355	99%
1941	Ontario Seed Corn Growers' Marketing Scheme	360	328	91%
1942	Ontario Strawberry Growers' Marketing Scheme	690	654	95%
1942	Ontario Sugar Beet Growers' Marketing Scheme	3,560	3,237	90%
1943	Ontario Raspberry Growers' Marketing Scheme (Consolidated with the Ontario Strawberry Growers' Marketing Scheme to become the Ontario Berry Growers' Marketing Scheme in 1944)	135	119	88%
1944	Ontario Dry Bean Growers' Marketing Scheme	5,660	3,788	67%
1945	Ontario Pea, Corn & Green Bean Growers' Marketing Scheme (Consolidated with Ontario Tomato Growers' Marketing Scheme to become the Ontario Vegetable Growers' Marketing Scheme in 1946)	3,025	2,466	81%
1946	Ontario Hog Producers' Marketing Scheme	31,796	29,353	92%
1947	Ontario Cream Producers' Marketing Scheme (all producers eligible to register. Only registered producers eligible to vote.)	13,292	12,749	98%
1948	Ontario Grape Growers' Marketing Scheme	1,327	1,012	92%
1948	South-Western Ontario New Potato Growers' Marketing Scheme	855	594	69.4%

1948	Ontario Soya Bean Growers' Marketing Scheme	2,940	2,070	70%
1949	Beets, Carrots, Cabbage & Pumpkin be added to Ontario Vegetable Growers' Marketing Scheme	211 258 118	156 180 106	74% 70% 90%
	(Pumpkin vote failed)	623	169	27%
1949	Ontario Winter Celery Growers' Marketing Scheme	351	251	71%
1950	Ontario Honey Producers' Marketing Scheme	2,003	1,653	82%
1952	Bradford Marsh Fresh Vegetable Growers' Marketing Scheme	477	369	77%
1953	Pumpkin & Squash be added to Ontario Vegetable Growers' Marketing Scheme	376	271	72%
1954	Ontario Fresh-peach Growers' Marketing Scheme	2,480	1,979	80%
1954	Essex-Kent Sett Onion Growers' Marketing Scheme	157	114	72.6%
1956	Pickling cucumbers, Long Green Cucumbers and Lima Beans be added to Ontario Vegetable Growers' Marketing Scheme (Pickling Cucumbers failed.)	2,690	765	28%

		Number Eligible	Number Voting	No. Voting "Yes"	% Favourable of Those Voting
1957	Ontario Flue-Cured Tobacco Growers' Marketing Plan	3,511	3,324	2,219	66.7%
1958	Ontario Wheat Producers' Marketing Plan	18,416	11,832	10,329	87.3%
1959	Ontario Tender Fruit Growers' Marketing Plan	2,640	1,116	942	85.3%

TABLE 2

The plebiscites on proposed marketing schemes which failed to carry were:

Year	Proposed Scheme	No. Eligible	No. Voting	No. Voting "Yes"	% Favourable of Those Eligible
1944	South-Western Ontario Commercial Corn Marketing Scheme	9,450		1,800	19%
1948	Niagara Peninsula Fresh Grape Marketing Scheme	1,260		304	25%
1950	Niagara Peninsula Fresh Fruit Marketing Scheme	3,001		1,134	37%
1951	Ontario Poultry and Egg Marketing Scheme	50,000		7,745	15%
1951	Ontario Flue-Cured Tobacco Marketing Scheme	3,021		369	12%
1953	Norfolk County Sweet Corn Marketing Scheme	65		25	38%
1956	Ontario Pickling Cucumber Marketing Scheme	2,690		765	28%

					% Favourable of Those Voting
1959	Ontario Apple Growers' Promotion & Markets Information Plan (Proposal not proceeded with at request of the apple growers)	4,509	729	520	71.3%
1960	Ontario Turkey Association Marketing Plan	920	447	238	53.2%
1960	Ontario Fresh Fruit Marketing Plan	4,287	2,197	1,014	47%

TABLE 3

The two re-votes on existing marketing plans which carried were:

Year	Existing Plans	No. Eligible	No. Voting	No. Voting "Yes"	% Favourable of Those Voting
1958	Ontario Fresh-peach Growers' Marketing Plan	2,850	1,608	1,124	69.9%
1958	Ontario Hog Producers' Marketing Plan	78,994	37,151	25,354	68.2%

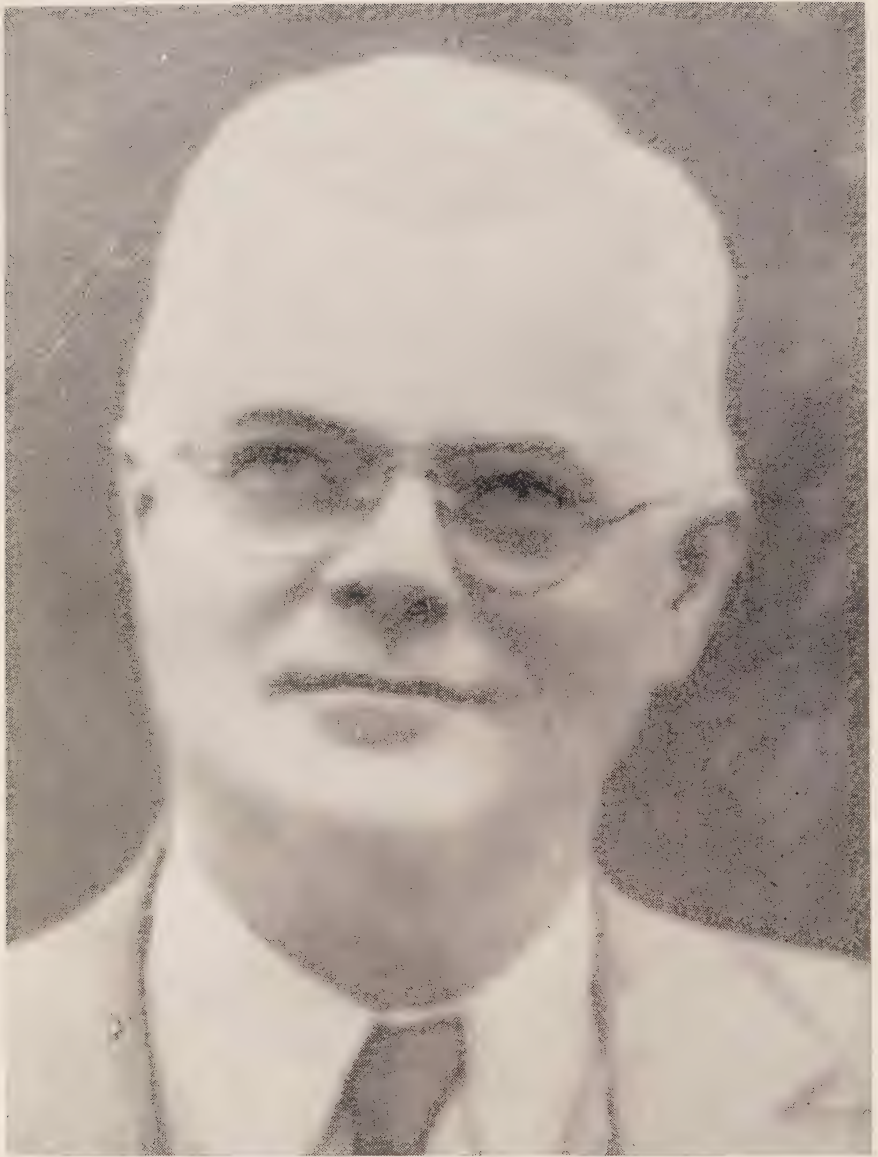
TABLE 4

The three re-votes in existing marketing plans which failed to carry were:

Year	Existing Plans	No. Eligible	No. Voting	No. Voting "Yes"	% Favourable of Those Eligible
1950	South-Western Ontario New Potato Marketing Scheme	784	553	286	36.5%
1955	Bradford Marsh Fresh Vegetable Marketing Scheme	516	421	192	37.2%
1958	Essex-Kent Sett Onion Marketing Scheme	219	123	28	22.7%

The five existing marketing schemes which were revoked for various reasons on the recommendation of the local board concerned without re-votes on their continuation were as follows:

- 1937 Holland Marsh Marketing Scheme
- 1937 South Essex Marketing Scheme
- 1940 Erie-St. Clair Onion Marketing Scheme
- 1958 Southern Ontario Honey Marketing Scheme (never came into operation)
- 1958 Ontario Winter Celery Marketing Scheme (regulated product ceased to be grown commercially)



G. R. GREEN

Woodstock, Ontario

Agricultural Representative, Oxford County, 1913-1947

Ontario Department of Agriculture

The first Ontario Civil Servant to appreciate the farm marketing problem. Chief promoter of the Cheese Producers' Marketing Plan.

3 THE ONTARIO FARM PRODUCT MARKETING PLANS WHICH CONTINUED IN OPERATION

(1) THE NEGOTIATING PLANS

(a) The Cheese Marketing Plan

Cheese is perhaps of more historical significance in Ontario agriculture than any other farm product. Farm cheese was an article of commerce at the village stores in Ontario before 1860 and shortly after that time the first cheese factory was started. Within a few years over three hundred factories were operating, sometimes four at a crossroad, and farmers were investing in cheese factories in every dairy district in the Province. By the turn of the century there were almost a thousand cheese factories located in Ontario and Quebec. Exports of cheese, chiefly to the United Kingdom, increased to such an extent that by 1900 shipments out of this country totalled more than 200 million pounds annually. Cheese was one of the greatest of the early manufacturing booms in Ontario and contributed much at the time to the prosperity of Canada. For many years the rural Canadian community centred around the church and the cheese factory. Since that time cheese production has declined due to the use of milk for other purposes and increased consumption by reason of population growth. Nevertheless, cheese production has remained substantial and, since it was the one milk product sold continuously on world markets, cheese up to about 1955 was always known as the "balance wheel" of the Ontario dairy industry, a place now occupied by the concentrated milk industry.

The Ontario Cheese Producers' Marketing Scheme was the first scheme to be approved under the new Farm Products Control Act in 1937. Cheese milk producers were also successful in persuading the Farm Products Control Board to approve their scheme without a poll of the cheese milk producers since a favourable vote had been taken in 1934 to obtain approval under The Dominion Natural Products Marketing Act.

In its early years the Cheese Producers' Marketing Plan made no notable contribution to the welfare of the cheese industry. Because two-thirds of the cheese produced in Ontario was exported to Great Britain at the time no price negotiating machinery was provided in the regulations. Powers to designate agencies through which the product had to be marketed were used in order to provide that all cheese had to be sold by an auction system to which the product is peculiarly adaptable. This had been the sales system for over fifty years but the development of "regular" or "curb selling" had reached the point where only 35 per cent of the cheese produced was being sold on the then weekly cheese boards but this portion was setting the price for the entire production. The scheme largely stopped this practice. Then World War II intervened and the annual cheese contract between the Governments of Canada and Great Britain, together with the requisitioning of all cheese made during the flush months of

production in each of the nine years ending with 1950 to fill the contract, took all marketing control out of the producers' hands.

The announcement by the Canadian Government there would be no cheese contract with Great Britain in 1951 cleared the way for the producers to re-enter the marketing field on their own account. Because of dissatisfaction due to the effect the declining portion of the cheese exported exercised in determining the price for the total production, Ontario cheese producers decided to attempt a two-price plan in an effort to prevent the small surplus from battering down the price of the total production. Firstly the cheese scheme was completely revised to take advantage of several marketing powers which had been added to The Farm Products Marketing Act since 1946 and in particular to add price negotiation provisions to the regulations. Here the arrangement differed slightly from most schemes in that the price bargained for was not the price to the farmers who produced the cheese milk but rather the price to the factory which made the cheese. Secondly the appropriate regulations under the cheese scheme were certified under the new Canada Agricultural Products Act so that their authority would be extended into the interprovincial and export field. Through their collective bargaining machinery minimum prices and terms of purchase and sale for cheese sold domestically were negotiated from time to time by the producers with the produce trade. Then a co-operative corporation, wholly owned by the Ontario Cheese Producers' Marketing Board, took possession of and marketed abroad that portion of the cheese left unsold by the buyers on the cheese auctions. Licence fees in varying amounts over the years from $\frac{1}{2}$ c per pound to 3c per pound were collected on the total production to pay the loss on the portion exported. The two prices received, domestic and export, were blended so that all cheese producers shared equally in the arrangement. An important feature of the programme was substantial financial guarantees each year of bank credit to the cheese producers by both the Governments of Canada and of Ontario. The Canadian Government under its Agricultural Products Co-operative Marketing Act guaranteed initial payments each year of 80 per cent of the average wholesale price for the three preceding years. The Ontario Government guaranteed fixed supplemental advances in addition to the initial price by the Federal Government. In this way the cheese producers were paid the full negotiated domestic market price, less the licence fee, for all cheese produced at the time of sale and not when the surplus cheese was sold. From 1951 to 1955 Ontario cheese milk producers successfully carried on this two-price system without loss to themselves or to the Canadian Government and with only a loss to the Ontario Government in one year (\$294,000.00 in 1952). The arrangement resulted in a strong domestic cheese price in Canada. In this way the 20 per cent of the cheese exported, or some 50 million pounds during the five year period 1951-55, was not permitted to lower the price of the 80 per cent or 250 million pounds of cheese sold in Canada to the world cheese price level.

During 1954 the Ontario Legislature passed The Milk Industry Act in order to consolidate under one statute nine separate milk, milk product and dairy product statutes, some dating back to the 1880's. During 1955 the Ontario Cheese Producers' Marketing

Plan was transferred from the jurisdiction of The Farm Marketing Act to that of The Milk Industry Act.

(b) The Fruit and Vegetable Processing Plans

Ontario fruit and vegetable growers selling to processors, a market of the greatest importance to the horticultural industry of Ontario, moved quickly to seek the shelter of the new Farm Products Control Act in 1937.

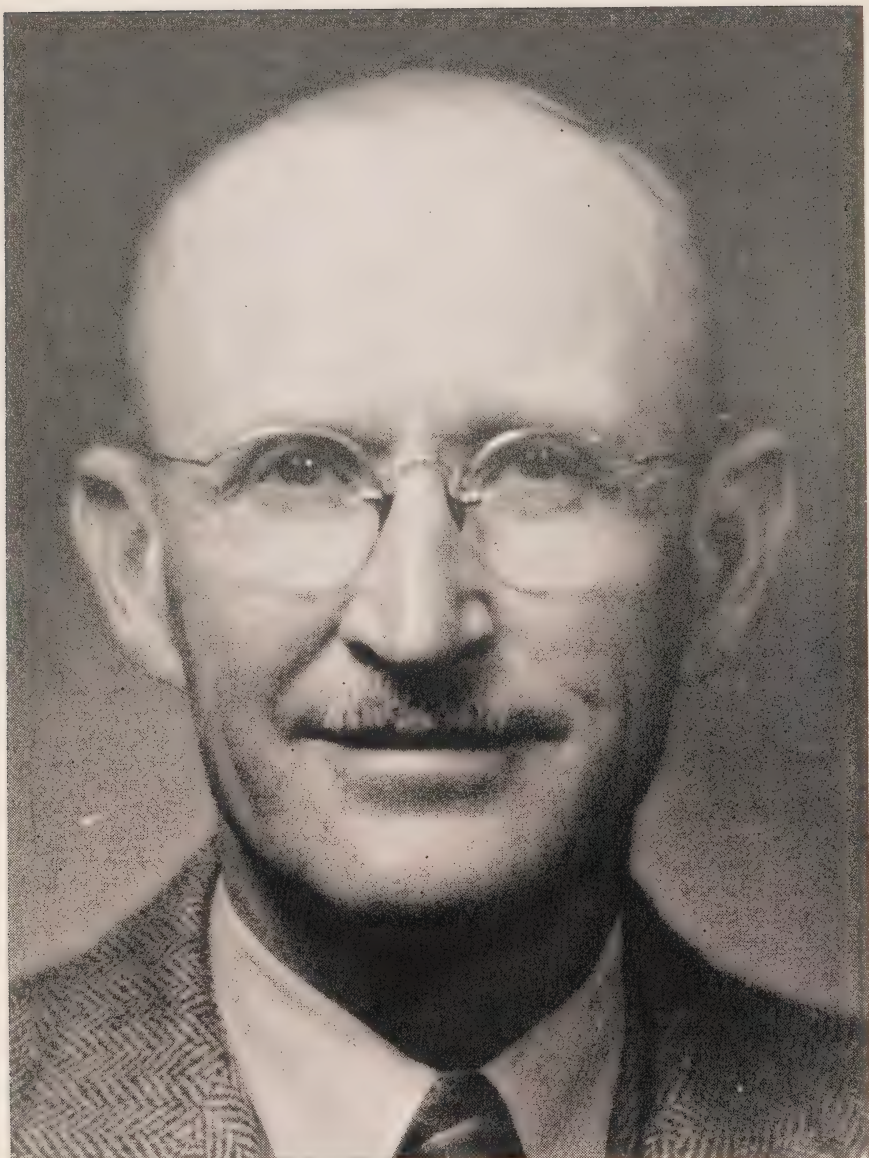
The canning market was dominated by one large company which had certain competitive advantages at the time over all the other companies in the industry. Growers generally felt they had little or no bargaining power and that during the last few years (1931-1937) they had suffered unnecessarily from too low prices.

Apart from general economic conditions the chief bone of contention was the contractual relationship between the grower and the canning company for the supply and sale of the growers' produce. Among other things the contract dealt with acreage to be planted, the supply of suitable seed, the report of crop conditions, the maximum quantities of produce per acre to be accepted, the quality of produce, penalties for lack of quality, limitation of deliveries, price to be paid for the produce and the terms of payment. The grower had little or nothing to say in the preparation of the contract.

Evidence was conflicting as to the fairness to the growers of some of the contract provisions. Cannerymen took the view that while the terms appeared rigid they favoured the grower in that it was more practicable for the grower to sue under the contract than it would be for the company to sue the grower. Generally speaking growers solicited contracts, therefore the terms could not be as unfair as alleged. Under the contract the grower was insured a market close at hand, at a definite price for so much produce regardless of changes that might occur between planting and harvesting. In respect of the limitation of quantity contracted for which often leaves the grower with large amounts of produce on hand the canner claimed he could not accept all that might be grown in years of abundant crops without fear of serious financial embarrassment.

Growers contended the contract was all in favour of the canner, that the grower was bound to deliver, but that the canner could escape its terms and either not accept the amounts stipulated or vary them according to his interests. The canner was sole judge as to quality, delivery time and conditions permitting limitation of deliveries. As for the grower seeking a contract it was contended his financial position was such that he was obliged to accept it even at prices below production costs.

Hottest of all the issues between growers and cannerymen at the time were the grower complaints over "dockage". All produce was (and is) paid for by weight and on any delivery not up to standard adjustment was made by an arbitrary deduction from the delivered weight. This adjustment was known as dockage. The contract determined the date at which deliveries of produce were to begin to the canner. If this was at variance with the time at which the crop was ripe and should be harvested the quality of deliveries suffered and dockage was made accordingly even though the grower was not to blame. Complaints over excess



WILLIAM C. NICKERSON
St. Catharines, Ontario

Chairman, Ontario Asparagus Growers' Co-operative Co. Ltd.,
1935-1949

Chairman, Ontario Peach Growers' Marketing Board, 1937-1959
Member, Ontario Tender Fruit Growers' Marketing Board, 1959-196-

dockage were most common when trade conditions were unsatisfactory. Cannerys generally denied the charges and claimed dockage was made strictly in accordance with considerations of quality.

The beginning of fruit and vegetable producer organization covering sales to processors was taken by the asparagus growers in 1932 when they organized the St. Catharines Growers' Co-operative Company. Thirty-two growers comprised its membership at time of organization whose combined production totalled 110 acres of asparagus. Now for the first time this crop was sold centrally by the Co-operative on behalf of its members to the processors. Through joint effort with the processors that year a specific duty of 3½ cents per pound was imposed on asparagus imported into Canada. This further strengthened the growers' bargaining position with the cannerys who were beginning to appreciate that many things could be accomplished by joint action with the growers which the cannerys could not do on their own behalf. By 1935 the small local organization at St. Catharines had expanded to the point where asparagus sold for processing was regulated on a provincial basis through the newly incorporated Ontario Asparagus Growers' Co-operative Company. This Co-operative established six branches at various points in the main producing districts through the Province where the growers delivered their asparagus, had it weighted and then delivered to the processors according to the terms of sale negotiated by the Co-operative. On receipt of payment for the asparagus, the Co-operative remitted the funds owing to each branch organization which in turn distributed the proceeds to the growers. It is also interesting that in the same year the largest processing company in the field, in an effort to remove some of the conditions in the industry, advised that "as far as it was concerned it was in favour of a committee being set up with equal representation of growers and cannerys to discuss prices and contracts and also any other matters that may be the cause of differences between growers and cannerys".

In 1936 the leading processor agreed to pay the Ontario Asparagus Growers' Co-operative Company one-half cent per pound more for the asparagus supplied by it than for the asparagus purchased from any non-member of the Co-operative due to the guarantee of grade and delivery the Co-operative was prepared to undertake. This arrangement made the Co-operative. Membership soared to over 500 growers across the Province all of whom voluntarily gave the Co-operative exclusive selling rights over their asparagus crop when sold for processing.

The asparagus growers in the Niagara Peninsula pioneered compulsory farm marketing in Ontario. When The Farm Products Control Act was passed in 1937 and the Asparagus Growers' Marketing Scheme was approved under it, the Ontario Asparagus Growers' Co-operative Company was appointed the first marketing agency in Ontario to control and direct the asparagus crop to the processing market and to distribute the proceeds from the sale of the crop to the growers. Members of the Asparagus Growers' Marketing Board, many of whom were fruit growers, united to promote the Peach Growers' Marketing Board established in 1937 and the Pear, Plum and Cherry Growers' Marketing Board established in 1938.

Producer commodity groups in all other fields of agriculture in Ontario including dairy, livestock, grain and cash crops should not forget the contribution made by the thirty-two asparagus growers around St. Catharines in 1932 who pioneered the development in Ontario of a very significant movement in regulated farm marketing.

The second step forward was taken when the Canada Jam Marketing Board was created on April 10, 1935, under The Dominion Natural Products Marketing Act. This scheme was organized by the jam manufacturers throughout Canada whose agency, the Canada Jam Board, was authorized to set minimum prices and terms of fair trading practices on finished products to the wholesale and retail trade.

The scheme covered an industry several of whose operators at the time were bordering on serious financial difficulties. As one condition of obtaining the powers granted them the jam manufacturers were required to guarantee fair prices to the growers for the small fruits necessary in processing. A representative committee of growers and jam manufacturers was appointed by their respective organizations with power to arbitrate and agreed on prices to the growers were arrived at for strawberries, raspberries, cherries and plums that year. Because of lack of agreement among the processors the scheme collapsed in 1936. But Ontario growers had now had their first taste of negotiating minimum prices with some sanction of law behind the agreement and they liked the flavour. In rapid succession then asparagus, peach, pear, plum and cherry growers selling their produce to canners and jam manufacturers were successful in having plebiscites of the producers taken and the first marketing schemes approved under the new Ontario Farm Products Control Act in 1937 and 1938. Tomato growers voted themselves into a scheme of that name in 1940 to be joined by the green pea, sweet corn and green and wax bean growers in 1945, with the name of the scheme changed to the Vegetable Scheme. The beet, carrot and cabbage growers joined in 1949, the pumpkin and squash growers in 1953 and the long green cucumber and lima bean growers in 1956. This plan is now the largest of all the fruit and vegetable schemes in point of volume and value of produce marketed for processing and number of producers affected. This marketing plan was the first to reverse the tendency of marketing boards in Ontario to fragmentation with a board for each product. Strawberry growers came under the Act in 1942 to be joined by the raspberry growers in 1943. Grape growers selling chiefly to the wine processors came under a marketing plan in 1948. In 1959 the peach and pear, plum and cherry grower boards were joined in one organization named the Tender Fruit Growers' Marketing Board. Also after approval by the growers through a plebiscite modified agency powers were given to the new marketing board to control the marketing of the four regulated products concerned. This authority was granted to enable the new board to deal with growing problems of custom processing, buying whole crops instead of tons of fruit and other arrangements which were breaking down the effectiveness of the industry price agreements. Over the years the number of fruit and vegetable marketing-for-processing plans to be approved now total five regulating



J. FRED THOMAS
Amherstburg, Ontario

Chairman, Ontario Vegetable Growers' Marketing Board,
1946-1948

Chairman, Ontario Burley Tobacco Marketing Association.
1949-196-

nineteen crops produced by some 25,000 growers. The negotiating agencies appointed under these plans are primarily concerned with price and conditions of sale. As a result attention was concentrated on improving the terms of the agreements negotiated by the local boards and the processors with which terms all individual contracts between buyers and producers had to comply. Marked progress was made in this direction over the years not only in establishing higher minimum prices but in agreeing on a wide range of charges and expenses incurred by the growers in producing and harvesting their crops including the cost of plants, spray programmes, containers and transportation where these are supplied by the processors. Also out of the process emerged the conclusion that grading and neutral inspection of farm products was basic to any pricing system and that the establishment of grades or standards of quality was essential to effective marketing. As a result grade standards, separate and distinct from those for fresh fruits and vegetables, were established in Ontario for all the main fruits and vegetables purchased for processing as the marketing plans in this field developed. The quality factors in this group of products are mainly colour, size, maturity and freedom from disease or blemishes of various kinds including decay. These grade regulations are administered by the Fruit and Vegetable Inspectors appointed under The Farm Products Grades and Sales Act of the Ontario Department of Agriculture. The grade standards have become the foundation stones of all the minimum price agreements or awards established under the fruit and vegetable marketing plans. Finally out of the process emerged a healthier industry as high-cost inefficient producers were eliminated under today's conditions of advanced technological knowledge of production methods resulting in fewer farmers producing larger volumes of produce. This encouragement to producers to develop a more efficient operation is showing up in all the horticultural marketing plans. It is markedly illustrated in the canning vegetable industry, particularly tomatoes, where the number of acres in production has been cut in half and the number of growers has been cut by two-thirds during the 1950-1960 decade but due to increased yields per acre the total production still remains approximately the same as or slightly higher than at the beginning of that period. In many cash crop producing areas throughout North America the grower-processor fruit and vegetable marketing agreements negotiated in Ontario created considerable interest and evoked demands for similar marketing arrangements.

(c) The Seed Corn Plan

This marketing scheme comprised of some 225 corn growers is more limited in its scope and field of operation than any other farm group operating a marketing plan in Ontario. Its membership is comprised of producers, located in South-Western Ontario with the largest group in Kent County, who specialize in the production of corn for seed. The scheme's purpose on approval in 1942 was to make the production of corn for seed sufficiently attractive despite the extra costs of selection and isolation that certain varieties and strains of seed corn will be preserved and maintained. Through collective bargaining between representatives of the growers and seed companies a base price is established annually for dried commercial corn. This base price

is set at the average daily closing price per bushel for the three months December, January and February on the Chicago Board of Trade for May corn futures (subject to the current rate of exchange). To this base price is added a scale of premiums, the amount of which are negotiated annually, depending on the various services rendered by the grower in preparing his corn for seed in order to arrive at the minimum prices to be paid him for his corn. Practically all the hybrid and open-pollinated corn for seed which is sold in Canada is produced under this marketing plan and considerable quantities are exported to the United States and to Europe.

(d) The Sugar Beet Plan

Following a dispute over price and other conditions of contract between the processor and the growers the sugar beet scheme was approved in 1942. The dispute was sparked by a difference of opinion over the result to the processor of a reduction in the excise tax and the cancellation of payments to a wartime sugar stabilization fund by the Government of Canada both made to improve the returns from sugar processed from beets. The reductions increased the returns to the company 83¼¢ per cwt. for sugar from beets. The growers claimed the changes would yield the processor the equivalent of an additional \$2.08 per ton for beets testing 14 per cent sugar and that as a result the price of beets should be advanced \$1.25 per ton to the growers from the \$2.08 per ton increase to the processor. The Negotiating Committee provided for in the scheme met but failed to reach any agreement. Meanwhile growers were refusing to sign the processor's 1942 contract while Federal authorities were demanding that, under wartime supply conditions, sugar beets be contracted to the capacity of the processor's plants. Finally the deadlock was broken by the Farm Products Marketing Board, in close consultation with the Federal Sugar Administrator, Wartime Prices and Trade Board, ordering a scale of minimum prices at 50¢ per ton higher than the processor's last offer of \$8.25 per ton for sugar beets testing 16 per cent sugar content delivered factory.

Over the ensuing years and having regard to the fact that beet sugar must be competitive with cane sugar, half of the free world's supplies of which come from Cuba, continuous collective bargaining between the growers and the processor has produced one of the best sugar beet contracts in use on the continent. Based on the net return obtained by the processor for sugar, on the sugar in the beet and half of the proceeds obtained by the processor for by-products like dried beet pulp and molasses, the grower is now receiving for his sugar beets approximately 52 per cent of the processor's total net returns for sugar and sugar beet by-products. For the first time in the fifty-three year history of sugar beets in South-Western Ontario the growers negotiated and obtained in 1955, after three weeks' bargaining, a guaranteed minimum price for sugar beets which also became the initial payment. As a result, growers now receive a larger proportion of their beet pay early in the fall than ever before plus by-product participating features when the sugar is sold.

During the post-war decade 1946-1956 the processor experienced serious competition for sugar beet acreage due to the

acute agricultural labour situation from mechanized crops like winter wheat, husking corn and soya beans. In some years the contracted acreage offered scarcely justified the operation of one of the two plants located in Western Ontario. But the announcement in 1957 by the Government of Canada of a floor price of \$13.00 per ton for sugar beets to the producer (equivalent to a gross return to the processor for beet sugar of \$7.98 per cwt.) played a most important part in reviving the Ontario sugar beet industry. The principle involved was enthusiastically greeted by the producers who had sought such a measure of security for many years even though the \$13.00 per ton minimum was less than what had been requested. This, said growers, was the beginning of a new era when sugar beet producers would no longer be left to the mercy of the world cane sugar market. Planted acreage in 1958 jumped to 31,584 acres from 14,158 acres in 1956. With complete mechanization of the crop now the target through the use of precision drills, mechanical thinners, harvesters and monogerm seed sugar beets could again become one of Ontario's important cash crops provided a national sugar beet policy is adopted and the stabilized price arrangement is continued on an annual review basis.

(e) The Dry Bean Plan

The dry bean or white pea bean scheme was approved in 1944 and was distinct among all the marketing schemes approved thus far in that it was also endorsed by a majority of the dealers affected who were represented in the matter by the Ontario Bean Dealers' Association. The scheme provides for regulating the marketing of Ontario's 1,200,000 bushel dry bean crop valued at approximately \$4,000,000.00 and produced largely in the six south-western counties of Kent, Lambton, Huron, Elgin, Middlesex and Perth.

The bean industry was in difficulties in 1944 in connection with the portion of the crop being exported to Great Britain by the Canada Department of Agriculture under a wartime food procurement contract at a price of \$3.00 per bushel and the price ceiling policy of the Canada Wartime Prices and Trade Board which stipulated the maximum domestic price of beans that year was \$2.00 per bushel plus a Dominion subsidy of 50c per bushel to encourage production. The industry had already had the experience of a producer marketing scheme for two years under The Canada Natural Products Marketing Act during 1935-36 and felt a similar organization was perhaps the best instrument to deal with the various Federal wartime food production and maximum price control agencies.

But in addition to the value of having their own organization operating in their interests the bean growers were quick to appreciate in 1944 the value of negotiating terms of contract which had often been a bone of contention in the past between them and the dealers. For the first time it was provided in 1944 by law (a) that every dealer shall pay cash on delivery for all beans accepted by him, (b) that in all cases of dispute as to the grade, moisture content or condition of any beans the decision of an Inspector of the Board of Grain Commissioners at Chatham, Ontario, based on mutually agreed upon samples, would be final, and (c) that the maximum charge by any dealer for



JAS. A. H. GARNER

Toronto, Ontario

Agricultural Representative, Kent County, 1928-1946

Director of Extension, 1947-1958, Ontario Department of
Agriculture

Promoter of several Western Ontario Cash Crop Marketing Plans

grading and picking beans (removing culls) for any grower would not exceed 7c per pound for each pound picked out in excess of one pound per bushel. Over the years the form of contract between the growers and dealers was improved and standardized. Settlement of disputes by a neutral party became automatic. In addition to the annual minimum price a graduated scale of charges by dealers for grading and picking beans for the growers in excess of 2 per cent damage and 18 per cent moisture was negotiated and established. An additional storage allowance was made to the growers, presently 15c per hundredweight, on the minimum price for all beans marketed during the period January 1st to July 31st in each year. But it was in other directions that the bean growers were now moving to make even greater progress in managing their own business.

For the past twenty-five years or more the annual domestic requirements in Canada for dry beans varied from 900,000 bushels to 1,000,000 bushels. But the crop usually averaged from 1,000,000 bushels to 1,200,000 bushels. The surplus, normally about 10 per cent of the total, had to be marketed outside the country and customarily at a lower price than the domestic price. Bean growers had their first taste during the war years of the export trade being separated from the domestic trade through contracts between the Canada Department of Agriculture and the British Ministry of Food and the prices received from the two markets averaged over all the growers for the entire crop. Freed from wartime controls in 1946 they moved on their own to make sure that in future the small export surplus would not set the price for the entire crop. Up until that time the operation of their marketing scheme had been financed by a nominal licence fee of 2c per bushel on the crop for administrative purposes. In 1946 provision was made for an equalization fee of 38c per bushel to establish a price support fund in addition to the 2c per bushel licence fee for operating expenses. Beans surplus to domestic requirements were marketed abroad during the period 1946 to 1951 by the dealers with the Ontario Bean Growers' Marketing Board paying any loss incurred through sales being made below the negotiated domestic price out of the price support fund upon proof of export. A significant feature of the plan was that at the end of each crop year the unused portion of the equalization fee had to be returned to the growers. In 1949 the licence fee for administrative purposes was increased from 2c per bushel to 5c per bushel and the equalization fee was increased from 38c per bushel to 45c per bushel. In 1950 both levies were consolidated in one licence fee of 50c per bushel but the arrangement continued that 45c per bushel of this fee was for annual market support purposes and the unused portion of it had to be returned to the grower at the end of each crop year. For the fifteen years to 1958 the plan has been in operation the largest assessment on the price support fund was made in 1953 when 20c of the 45c per bushel levy was required to move some 260,000 bushels of beans surplus to domestic requirements. In three years all of the levy was returned. In other years it varied from 2½c per bushel to 18c per bushel with the balance of the fund returned to the grower in each year.

In 1952 the bean growers moved further to consolidate their market position by using the reserves accumulated from their

5c per bushel licence fee for administrative purposes to build their own \$350,000.00 processing and storage plant at London, Ontario. A private corporation, the Ontario Bean Growers' Limited, wholly owned by the Ontario Bean Growers' Marketing Board, operates the processing plant which is equipped with facilities for receiving, cleaning, drying, grading, bagging and storing beans and with the first electric eye bean picker in Canada. In bad crop years the picker saves growers thousands of dollars through mechanically sorting white from discoloured beans thus improving the quality of the product offered to the trade. Besides serving the growers the plant does custom work for the dealers.

Older growers do not forget that in 1929 the price of beans to them was \$4.50 per bushel and in 1930 the price was 45c per bushel. Since 1947 there has been no substantial change in the price of beans from about \$3.50 per bushel to \$3.75 per bushel net to the grower for over a decade. Proof that the price is about correct is that there has been no substantial increase or decrease in the acreage devoted to this crop. Growers have had to keep a weather eye on foreign competition as beans can be easily imported into Canada from the United States, South America or South Africa if the Canadian price is comparatively high.

(f) The Cream Plan

For several years prior to 1947 leading cream producers of the Province for butter manufacture were conscious of the fact their business was the only branch of the Ontario dairy industry remaining unorganized at the producer level. Cream producers were also conscious of the fact since Ontario requires substantial quantities of butter annually from outside sources, chiefly Western Canada, in addition to its own production that a marketing scheme could not establish effective minimum prices on churning cream produced in the Province. Nevertheless other farm organizations notably the Ontario Federation of Agriculture, the Ontario Hog Producers' Association and the Ontario Whole Milk Producers' League were urging cream producers to organize and were actively promoting county cream producer associations in the main butter manufacturing districts. As a result of this promotional work, particularly during 1945-46, a provisional committee of cream producers applied for a vote and were successful in obtaining approval of a cream producers' marketing scheme similar to the negotiating type plans then in operation.

It is perhaps as a promotional trade association rather than as a marketing organization that the Ontario Cream Producers' Marketing Board has made its most useful contribution to its members. Over the years it has continued active through the Canadian Dairy Farmers' Federation, and directly with the Federal Government on the floor price for butterfat and with the Ontario Government in the campaign to prohibit the colouring of margarine, to identify its use in all restaurants and to prohibit an edible oil product not containing a dairy product being sold as an imitation of a dairy product. While the plan may never develop to the point where either minimum prices and terms of purchase and sale are established for sweet cream, nevertheless some progress has been made by the producers in negotiating with the creamery operators on such matters as premiums and discounts for the various grades of cream, programmes of quality improvement in

cream and transportation economies. However as long as the Government of Canada establishes annually a floor price for butter, which indirectly sets the price for cream, there is little opportunity left cream producers to bargain for the sale of their product except with the Federal Government.

During 1955 the cream marketing plan, along with the cheese marketing plan, was transferred from the jurisdiction of The Farm Products Marketing Act to that of The Milk Industry Act.

(g) The Soya-Bean Plan

During 1948 soya-bean growers selling for processing purposes began to give consideration to their marketing situation as a result of the large wartime expansion of this industry in Ontario. During the preceding five years the two Ontario soya-bean processors located at Toronto had carried on at considerable expense a very extensive programme to encourage the growing of soya-beans in Canada and were largely responsible for the steady increase in production of the crop from a few hundred thousand bushels in 1940 to over 1,800,000 bushels in 1948. The Ontario soya-bean industry had experienced periodic booms and busts over the past three decades, but never reached the commercial proportions at any time that it had by 1948 due largely to the development of early maturing varieties, to the elimination of low-priced soya-beans from the Orient and to the propaganda efforts of the Canadian processors. Even with the increased production, however, Canada was not then and is not now 50 per cent self-sufficient in its production of soya-beans for the combined Canadian soya oil and meal requirements. Soya-beans, soya meal and crude soya oil are admitted into Canada duty free and refined soya oil is imported at a 20 per cent tariff rate.

Following a dispute over the price to be paid for the 1948 crop South-Western Ontario growers felt the time had arrived when this wartime industry should be put on a stable peace-time basis and an endeavour made to maintain this new cash crop in Ontario's agricultural economy instead of having it disappear again as had happened on a number of occasions in the past. They therefore petitioned for a marketing scheme, which was approved after a favourable plebiscite of the growers was taken, on the understanding the scheme would come into effect with the marketing of the 1949 crop. The growers at the time contemplated a marketing programme similar in many respects to the Dry Bean Growers' Marketing Scheme then in operation.

On the soya-bean scheme becoming effective several meetings of the Negotiating Committee were held during July and August, 1949, in an attempt to arrive at a basis for determining prices and terms of contract at which the soya-bean crop would be sold that year. All the main terms of contract demanded by the growers; i.e. the local dealer's maximum charge of 10c per bushel to the grower for cleaning, handling and selling soya-beans, a discount of $1\frac{1}{2}$ c per bushel for each $\frac{1}{2}$ per cent moisture content in soya-beans from 14 per cent to 18 per cent and 2c per bushel discount for each $\frac{1}{2}$ per cent moisture content above 18 per cent with cash to be paid by the dealer for all soya-beans on delivery were approved.

But growers and processors quickly locked horns on the question of a fixed minimum price. Growers took the position they should not be required to sell soya-beans at a price lower than

the processor would be obliged to pay for soya-beans in the United States. They therefore demanded that the minimum price paid the grower every day be the previous day's closing cash settlement taken to the nearest cent for soya-beans on the Chicago Board of Trade plus boat transportation charges of 6c per bushel to Toronto, Ontario, less an agreed upon equalized rail freight charge from all Ontario shipping points west of London, Ontario, to Toronto, Ontario, of 18c per bushel (excepting soya-beans from Pelee Island).

The processors declined to agree to such a minimum price basis for the entire crop because they claimed there were several factors affecting the selling price of soya-bean products in Canada which have no relationship with U.S. daily price fluctuations for soya-beans. U.S. soya-bean prices fluctuate widely and at times drop to and below U.S. Government support levels whereas there was then no Government support price in Canada. The processors did not wish to be put in the position of having to buy imported beans when price opportunities occurred and passing up Ontario beans at a fixed price. The cost of soya-beans to Ontario processors, it was argued, must be competitive at all times with the delivered cost not only of imported soya-beans but of imported soya-bean meal and oil to the customers of the processors of Ontario grown soya-beans.

The arbitration found in favour of the processors and recommended that a fixed minimum price for Ontario soya-beans was impractical and that the price paid should be the trading price from day to day on an open market basis. Over the next ten years the decision of the different Negotiating Committees in each year was always the same despite the growers' best efforts to have a fixed minimum price established. Constant improvement in the growers' and dealer's contractual agreements continued, however, through the annual collective bargaining proceedings. While the dealer's discount charged the grower for moisture was increased from 1½c to 2½ per bushel for each ½ per cent of moisture from 14 per cent up to 18 per cent and from 2c to 5c per bushel for each ½ per cent above the 18 per cent moisture the dealer's maximum charge of 10c per bushel to the grower for cleaning, handling and selling was seldom charged in full due to local elevator competition. In addition most of the dealers were offering growers drying facilities for high moisture content beans at or near cost. Meanwhile yield and acreage devoted to the crop continued to increase annually. Yield increased from 1,824,000 bushels in 1948 to 6,580,000 bushels in 1958. The total value at the farm for the crop increased from \$4,195,000.00 in 1948 to \$12,434,000.00 in 1958. Soya-bean acreage now totalled some 250,000 acres compared to 90,200 in 1948 and next to husking corn and winter wheat this crop has become Ontario's third cash grain crop in volume and value to the growers.

(h) The Concentrated Milk Plan

After twenty years of successfully operating on a voluntary basis during which time the Ontario Concentrated Milk Producers' Association organized some fifty-nine affiliated local milk producer associations located at the manufacturing plants throughout the Province, this scheme was approved under The Farm Products

Marketing Act without a formal plebiscite of the producers concerned, during March 1954. This transferred the supervision of informal price and contract negotiation for milk used for manufacturing under the Milk Control Board to formal collective bargaining procedures under the Farm Products Marketing Board. Approval of the scheme was a technicality to give legal force and effect to the price negotiating machinery and to the levy of the licence fee to cover the administrative expenses of the producers' organization without taking a vote of the producers pending the coming into force of The Milk Industry Act, 1954.

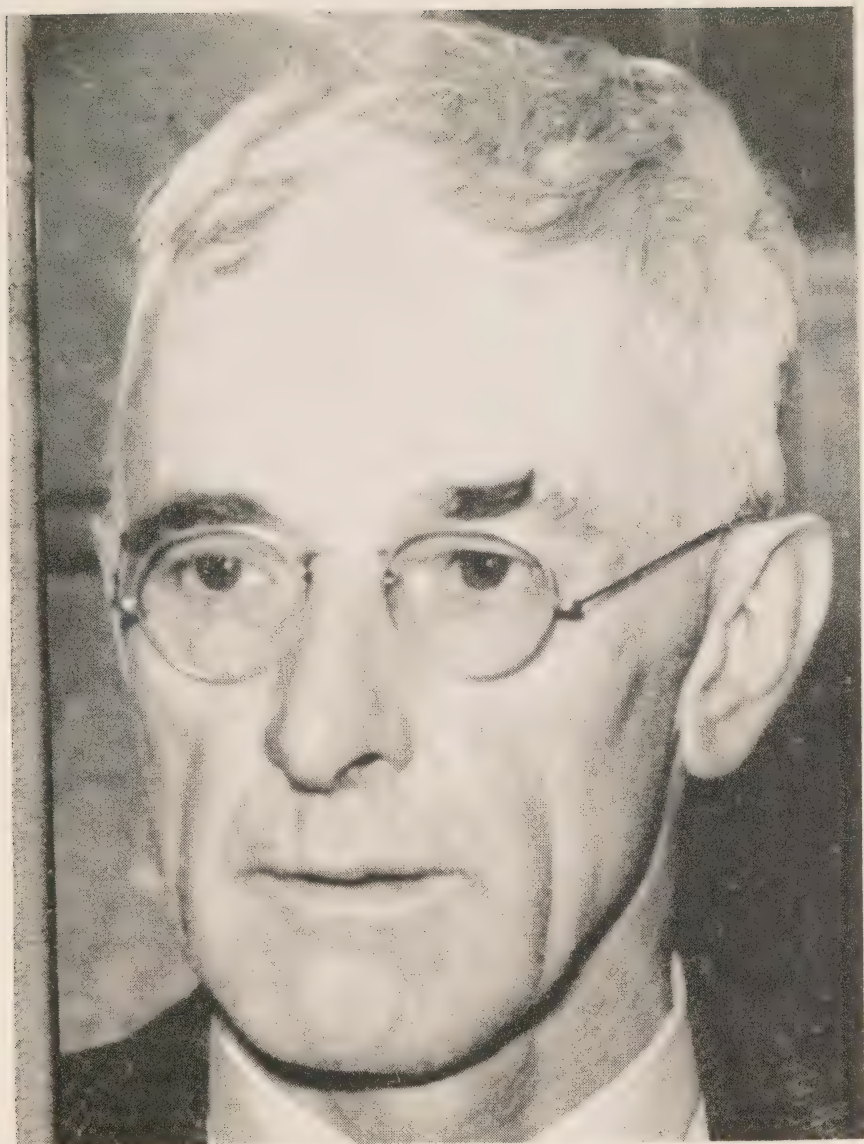
During 1955 the concentrated milk plan, along with the cream and cheese marketing plans, was transferred from the jurisdiction of the Farm Products Marketing Act to that of The Milk Industry Act.

(i) The Flue-Cured Tobacco Plan

In 1924 flue-cured tobacco growing in Ontario was a localized undertaking of negligible importance with less than 7,000 acres yielding a crop of some 5,500,000 pounds. By 1960 over 120,000 acres of the sandy loams of various sections of Ontario, some 50 per cent of which were in Norfolk County, were yielding a crop of almost 200,000,000 pounds. In 1926 some 26 per cent of the tobacco in Canadian cigarettes was grown in Canada. Today over 99 per cent of the tobacco in Canadian cigarettes is grown in Canada of which 97 per cent is grown in Ontario. What had formerly been unproductive soil, even wasteland in many cases, on which millions of dollars had been spent on reforestation and other reclamation projects had been redeemed by what had now become Ontario's most valuable farm cash crop. The opportunity lay in the peculiar soil preferences of Bright tobacco (flue-cured) and the shift in smoking tastes to cigarettes which originated during World War I and has since continued. Firstly Essex County and then Norfolk County had the distinction of "being the first places north of the Mason-Dixon line in North America where flue-cured tobacco was successfully grown". The development of the flue-cured tobacco industry was the outstanding feature of Ontario agriculture during the 1920's.

Prior to 1924 Ontario was also growing some 20,000,000 pounds of tobacco chiefly of burley, pipe and other dark types, from some 20,000 acres in the "old belt" growing sections of Essex and Kent Counties. Producer organization here paralleled and pretty well followed the lead of the flue-cured growers. Cultivation of these types of tobacco has declined substantially in recent years chiefly due to the curtailment of export because of dollar exchange difficulties in the European importing countries. But it is the flue-cured type of tobacco being grown in the "new belt" of Norfolk, Elgin, Middlesex, Oxford and Brant Counties and now extending to North Simcoe and Durham and Northumberland Counties in the East that we are chiefly concerned with since it is the producer organization which developed to market this crop that is one of the most unique of all Canadian farm organizations.

When the "new belt" soil potential was realized expansion of the industry, aided by initial high prices and an insufficient spread between the better and the poorer crops, was rapid. By 1930 acreage was up to 17,000 acres and yield was over 12,000,000



A. E. LEITCH
Simcoe, Ontario

Professor, Agricultural Economics, O.A.C., Guelph, 1915-1928
Chairman, Canada Agricultural Products Marketing Board, Ottawa,
1934-1936
Chairman, Ontario Flue-Cured Tobacco Marketing Association,
Simcoe, 1936-1948

pounds. Of the total crop one-third was now produced on farms owned by incorporated companies or syndicates. Several large growers operated ten or more farms. The balance was produced by individual farmer owners. Three-quarters of the crop was grown on a share-plan basis. Under the share-plan system the owner of the farm provides all the essentials for growing the crop, takes care of all production charges and expenses and divides the proceeds from the sale equally between himself and the tenant operator. The usual crop unit is between twenty-five to thirty-five acres per farm.

Grower organizations up to 1934 were limited to two; (1) the Ontario Flue-Cured Tobacco Growers' Association, Simcoe, Ontario, and (2) the Southern Ontario Tobacco Growers' Co-operative Association, Tillsonburg, Ontario. Both were service organizations to their members and each furnished a crop appraisal service to assist in the sale of their crop. Co-operative marketing was first attempted in 1933 when a joint marketing committee was set up to control the sale of unsold tobacco delivered to either organization. Late in 1934 a new association was organized to include all existing associations, syndicate farms and individual growers which blossomed into the most important of the four Ontario compulsory marketing schemes to be approved under The Canada Natural Products Marketing Act that year. But we are getting ahead of our story.

The year 1930 saw the end of the policy of high prices as a means of encouraging expansion. Despite a third larger crop of inferior quality than in 1929 the average price to the grower increased to 32c per pound. The effect was a tremendous expansion of planted acreage in 1931. Some credit for the increased acreage is given to the opening of an export market in Great Britain but the high price paid in 1930 was the chief factor. Planted acreage jumped from some 17,000 acres to over 27,000 acres and due to an extremely favourable growing season the crop increased from some 12,000,000 pounds to 24,500,000 pounds. The year 1931 also saw the first change-over from stalk-cutting to the priming method of harvesting when about a million pounds was harvested by the latter method. Just before the market opened in the fall export prospects diminished when the United Kingdom abandoned the gold standard.

In an atmosphere of deepening world-wide economic depression the *tobacco market opened in 1931 on October 6th with a top price of 30c per pound by the leading buyer with instructions to its agents to reach an average price of from 22c to 23c per pound'. As is usually the case the other companies followed suit. The final result was that the 1931 crop was purchased at an average price of 21c per pound compared to 32c per pound in 1930 or a drop of 35 per cent.

Despite the 1931 experience and warnings against over-production the planted acreage in 1932 was again increased. It was the old story, so often repeated with other farm crops, of the grower hoping to neutralize the effects of falling prices by greater production. Ideal growing conditions and general adoption of "priming" in place of stalk-cutting in harvesting together with

* From The Report of the Royal Commission on Price Spreads.

improved varieties combined to produce in 1932 the largest crop of the finest quality of flue-cured tobacco then on record in Ontario. The total crop amounted to 27.5 million pounds compared to 24.5 million pounds in 1931 or a 12.7 per cent increase. The market opened on October 26th, 1932, three weeks later than the year before despite a crop which matured two weeks earlier. In the first two weeks of buying the leading company only acquired 53 per cent of its total purchases compared to 87 per cent in the same time the year previous. Apprehension and subsequent panic was caused amongst growers first, by the delay in the opening of the market and later, by the slow-down in buying operations. The top price paid was 24c per pound compared with 30c in 1931 and the average from 22.5c per pound on the opening day dropped to about 12c on the eleventh day. Increased export orders from Great Britain plus guarantees of bank credit from the Ontario Government subsequently stiffened prices. Eventually the entire crop was sold but at an average of 16c per pound or 20 per cent below the 21c per pound average price in 1931.

A further increase in planted acreage occurred in 1933 but drought conditions reduced the crop to 25 million pounds of poor quality. The market was again opened at 24c per pound with buying even slower than in 1932 and with only 60 per cent of the crop sold after six weeks of purchasing. The unsold balance of some 3,500,000 pounds was owned by the two grower organizations mentioned earlier and packed under the control of a joint board set up to grade and sell this tobacco. This assistance enabled interim advances of 15c per pound to be made to the growers. This tobacco was finally sold in the autumn of 1934. The average secured for the 1933 crop was about 19.5c per pound or close to 4c per pound above 1932.

The panic conditions of 1931 and 1932 were absent from the 1933 market. This was largely due to the now strongly organized position of the growers backed by the financial support of the Ontario Government. The mass of publicity concerning the exploitation of several sections of the community by various primary buyers and manufacturers coming out of the hearings of the Royal Commission on Price Spreads and Mass Buying at Ottawa was also having its effect on the public relations policies of several large companies.

Voluntary action between the growers and buyers reduced the planted acreage in 1934 some 25 per cent below that of 1933. Subsequent negotiations within the industry to bring about the orderly marketing of the 1934 crop resulted in an agreement where machinery was set up to operate the flue-cured tobacco market for the ensuing three years. A month later another agreement was made covering the 1934 season alone. In order to negotiate prices growers and manufacturers agreed to operate jointly a crop appraisal system on which values would be based. At this stage the second largest manufacturer in the industry declined to sign the agreement. The tobacco growers moved at once to bring flue-cured leaf tobacco under The Canada Natural Products Marketing Act. On October 26th, 1934, the Ontario Flue-Cured Tobacco Growers' Marketing Scheme was approved by the Government of Canada. Its purpose was to ensure more adequate returns to the growers and to place the buyers and manufacturers on

a fairer basis of competition. Tobacco is peculiarly suited for this method of marketing. Suitable land for its production is limited, substitutes are practically non-existent, and foreign competition is unimportant.

The 1934 scheme in its final form was the result of extended negotiations. On the vote it was endorsed by 71 per cent of the growers representing 80 per cent of the land in tobacco production. The scheme was administered by a local board of fourteen members elected annually, of which nine were grower representatives and five were buyer representatives. The local board had power to register producers, to license buyers, to negotiate a minimum average price for the entire crop and to appraise the value of each individual crop. There were no Government approved grades for tobacco. Prices of individual crops may vary but the buyer must take the whole of any crop of any grower with whom he deals and his average cost for all the tobacco he buys must be not less than the negotiated minimum average price per pound. If the average cost of all the buyers collectively should be less than the minimum average price then they had to pay the difference to the growers' organization. In practice this never happened. In addition, growers were paid 11¼c per pound up to 1943, 11½c per pound from 1944-47 and 2c per pound from 1948-58 for tying and grading their crop.

The 1934 crop totalling some 21 million pounds was marketed at an average price of 25c per pound, an increase of 40 per cent over the average price in 1933. General satisfaction over the new situation was expressed at the time by both growers and buyers.

The stormy weather in 1936 when The Canada Natural Products Marketing Act was declared unconstitutional and the twenty-two producer marketing schemes across the nation operating thereunder folded up was shortlived as far as the Ontario flue-cured tobacco marketing scheme was concerned. The Ontario Flue-Cured Tobacco Growers' Marketing Board applied immediately for incorporation under The Ontario Companies Act as the Ontario Flue-Cured Tobacco Marketing Association. On the recommendation of the Ontario Department of Agriculture the charter was granted. The former local board of fourteen members (nine growers, five buyers) was replaced by a Board of Directors of twenty-three (fourteen grower directors elected one from each of fourteen districts, seven buyer directors, one grower director elected from a group of certain districts and one director elected by the other directors). Later this constitution was changed to a Board of Directors of fourteen, seven elected by the growers and seven elected by the buyer representatives. The Association adopted all of the provisions of the former scheme as by-laws and operated exactly as its predecessor body had operated under The Canada Natural Products Marketing Act. But the new body was now a voluntary organization of both growers and buyers in one co-operative association. The arrangement worked, however, chiefly for two reasons; (1) the manufacturers and buyers voluntarily agreed firstly to buy only from the grower members of the Association, and (2) membership in the Association was open to any grower who grew flue-cured tobacco in 1936 and who agreed to abide by the by-laws of the association. At the time of organization in 1936 each farm was allotted a basic "acreage" which was understood to be the acreage

of flue-cured tobacco grown on that farm in 1934. Various allotments were made to new members later and at one time the basis used was 45 per cent of the tobacco land on the farm. The basic acreage was the maximum acreage of tobacco that may be grown in any season except when an "open" season was declared by the Directors. In years when the Directors felt the estimated market could not absorb a normal crop from the basic acreage each grower was given a percentage "allotment" of this basic acreage that could be planted that season. During the growing season the allotted acreage would be measured and any planted acreage in excess of his allotment would be destroyed. Acreage control is a sound, fully justified policy with tobacco because of the far-reaching effect of surpluses to which this industry is particularly vulnerable. The decisions to apply percentage reductions in the basic acreage by allotments on all growers was only taken before planting time each year on the basis of the most reliable information the Association could obtain from both domestic and export markets as to the likely demand for leaf tobacco that fall. Acreage allotment soon became the most important feature of the Association's regulatory programme.

Why both the Ontario flue-cured and burley tobacco industries decided to carry on on a voluntary basis instead of coming under The Ontario Farm Products Marketing Act in 1936 was never officially known. Yet the Ontario Flue-Cured Tobacco Marketing Association did not discourage the general impression that it was a marketing board and even up to 1952 occasionally called itself one although this status was lost in 1936. There can be little doubt, however, that the flue-cured tobacco growers, hardened by the experiences in 1931 and 1932, combined successfully in 1934 to prevent any grower exploitation for some time to come; i.e. "where the growers are paid less than the buyers are prepared to pay for the whole quantity on the market". The arrangement operated with reasonable success for twenty-three years and brought a substantial measure of prosperity to the tobacco growing areas of Southern Ontario.

Dissatisfaction over the existing marketing arrangements broke out in 1951 when a grower agitation started in Elgin County and found some support in the neighbouring counties for a vote on the proposal that the Ontario Flue-Cured Tobacco Marketing Association be reorganized as a producer marketing board under The Ontario Farm Products Marketing Act. Actually the dissatisfaction was more against the alleged high-handed manner with which the Association's annual and special meetings, election of officers and general business affairs with the growers were conducted. Some suspicion which had existed from the start as to the influence of the buyer representatives over the grower representatives on the Association's Board of Directors also found expression. Charges over the methods followed in conducting the annual crop appraisal by former employees of the tobacco buyers engaged by the Association were frequently made. The Association officially came out in a strong press and radio campaign against the proposal on the ground that control of acreage was impossible under The Ontario Farm Products Marketing Act. This was technically true. It was overlooked, however, that it was also impossible to control acreage under the former Dominion Natural

Products Marketing Act and that the Association itself could not control acreage by law. It was also overlooked that regulation of the marketing of the crop, including the prohibition of its marketing, was possible under both the former Dominion and the present Ontario Acts. The unkindest cut of all, however, was the spreading of rumours among the growers that their credit at the bank would be cut off if they voted in favour of a marketing scheme. Tobacco production entails a large capital investment in land, buildings and equipment and heavy financial obligations for labour, fertilizer and other operating expenses before the crop is harvested. The great majority of the growers have substantial production loans from their bank and this accommodation is vital. The vote on the 1951 proposed scheme failed badly. Only 369 voted in favour out of an eligible list of 3,021 growers. 1752 growers voted against the proposal, 900 growers didn't vote allegedly for fear it would be ascertained how they voted. It was the first vote the Ontario Farm Products Marketing Board conducted on a proposed scheme on which there was a highly organized campaign of opposition. Fair opposition is in order but in this instance it was an unsavoury sight to see a grower-buyer organization, aided by public relations experts from industry, conducting a fight against a group of grower members and spending a considerable sum of grower money in doing it. But it had one good effect. The vote was the last the Ontario Farm Products Marketing Board conducted by signed mailed ballot. Meanwhile, the number of free-lance tobacco growers outside the association was increasing.

Independent growers, of which there were always a number from the start of the Association, were admitted into membership from time to time during the 1936-50 period. Their number indicated there were always some who were prepared to gamble that tobacco production would not exceed the market demand or that the Association would not exercise to the limit the wide powers of control it claimed to possess to bar independents. But secretly the free lancers wanted to be in the Association. They usually sold their crops after members did. In some years the independents had agonized weeks to wait before selling. The independent hesitated to expand his operation. With no marketing rights or a basic acreage attached to his farm his opportunity of reselling his property was limited. Suddenly in 1950 the Association Directors adopted a policy of no more new members. Just as suddenly during September 1954 hearings were announced and a start made to take evidence in an inquiry brought by the Director of Investigation and Research under The Combines Investigation Act before the Restrictive Trade Practices Commission, Department of Justice. The report doesn't explain how or why the inquiry came about. It is generally assumed, however, it was launched as a result of complaints filed by independents who had been refused membership. In due course a 2-1 majority report issued from the Commission was tabled in the House of Commons on November 27th, 1956, by the Minister of Justice who indicated the matter would be further reviewed by his Department. Without reviewing at length the recommendations in a very informative report it was clear the Commission found that the tobacco growers had received substantial benefits from market stabilization. It

stated that membership arrangements should not be such that entrance to the market on the part of other producers was dependent on the will of the Association. The rigidity of individual acreage allotments by the Association were thought to work against the most efficient use of resources. The Commission considered unhealthy the creation of value for farms through "acreage rights" which were not based on productive capacity. It considered that, if it were necessary for producers and buyers to be regulated, the only course appeared to be for growers to secure government authorization for the appropriate control measures. The Association should approach the Ontario Farm Products Marketing Board to make a study of the most appropriate marketing arrangements. A grading service for members and provision for processing and storing crops might be re-established.

The inquiry evidently produced one result. Some 523 independent growers, representing more than 10 per cent of the flue-cured tobacco crop at the time, were admitted into Association membership in the spring of 1956—the first to be admitted since the fall of 1950. Moreover the basic acreage policy was changed to a basis of six acres per kiln on each farm. All growers were then admitted that year on the basis of the number of acres according to the number of kilns with which their farms were equipped. As a result the quantity of tobacco grown in 1956 outside the Association was negligible. But the Association refused to consider any of the other recommendations of the Commission. Chiefly due to this situation a Provisional Committee of Tobacco Growers petitioned the Farm Products Marketing Board early in 1957 that a plebiscite be taken on a proposed flue-cured tobacco marketing plan drafted by the Committee. The Board approved the petition since the number requesting the vote substantially exceeded 10 per cent of those estimated to have grown flue-cured tobacco in 1956 and arranged for a vote to be taken on the question on April 1st. Prior to the vote considerable controversy and misunderstanding arose among the growers as to the issues involved. Charges concerning the constitutionality of the proposed plan were raised. As a result the Board postponed the vote to May 21st to permit further study of all the matters involved.

The campaign leading up to the vote featured the programme proposed by those petitioning for a marketing plan under The Farm Products Marketing Act and the alternative programme proposed by a Protective Committee organized by those proposing the continuation of the voluntary plan under the direction of the existing Association. The programme of those featuring a marketing plan was:

1. tobacco to be sold anonymously by auction, subject to minimum prices for the crop or for any class, variety or grade to be established by negotiation with the buyers;
2. tobacco to be delivered to and sold through three exchange warehouses to be constructed for the purpose;
3. a licence fee not in excess of 1c per pound to be levied on the crop for operating and financing the exchanges and all the facilities connected therewith and which shall include 1/10c per pound for the administrative expenses of the new organization.

The programme of the Protective Committee urging the retention of the existing Association was:

1. no auction warehouses to be constructed until the entire matter had been reviewed by a competent commission;
2. a licence fee not in excess of 1/10c per pound to be levied on the 1957 crop;
3. an alternative whole crop auction system using the Dutch electric clock as the mechanical auctioneer be adopted for the 1957 crop instead of the proposed anonymous bale auction system;
4. representation on the board of the new organization to be provided for the group represented by the Protective Committee on the basis of proportionate poundage of the crop produced by the two groups.

The campaign leading up to the vote made the welkin ring with charges and countercharges. Clearly a sharp diversity of opinion prevailed among the growers and a sharply split vote was in prospect. The plebiscite was held amidst a welter of half-truths and rumours. Of 3,511 growers eligible to vote, 2,219 voted in favour of a marketing plan under The Farm Products Marketing Act and 1,105 voted opposed. By a 2-1 majority the defeat of the existing Association was decisive and emphatic. Several factors probably contributed to its defeat. Clearly a mistake was made a few years ago when the number of Grower Directors was reduced from fourteen to seven giving the Buying Companies an equal voice in running the Association. The charge of buyer domination was effectively used throughout the campaign. Secondly most growers considered the old whole crop barn buying system discriminatory in its effects. Prestige of the Association was not enhanced by what happened during the three months leading up to the vote and the resignation of three of the seven grower Directors during this period had a telling effect. The buyers also played a part through their failure to make any worthwhile increase in the prices paid for tobacco during the six year period 1950-1956 (1c per pound from 44c to 45c per pound) when growers' costs of labour and equipment were soaring.

Since the number voting in favour of the proposed marketing plan exceeded 60 per cent of the total number voting and exceeded 51 per cent of the total number eligible to vote, the Farm Products Marketing Board recommended the plan to the Minister for approval which was granted on June 20th, 1957. Amid cries of dictatorship and Russian legislation by the Protective Committee, exhortations by the Marketing plan group that they would stick to selling by auction at any cost and pleas by the Farm Products Marketing Board to the rival groups to end their dispute, arrangements proceeded to market the 1957 crop.

As a first step in the programme of the new Tobacco Growers' Marketing Board financing was arranged and the construction of three auction warehouses at Delhi, Tillsonburg and Aylmer, Ontario, was completed. The mechanical auctioneer or Dutch electric clock was adopted in place of the usual live auctioneer as the method to be followed in auctioning flue-cured tobacco. Secondly a system of Government tobacco grades was worked out with the assistance of the buyers, producers and Government technical

officers. The grade standards are administered by Federal Government inspectors. Thirdly a minimum average price of 49c per pound on 100 per cent of the crop together with other conditions of sale was established by arbitration after preliminary negotiations failed between growers and buyers. The award represented a $3\frac{1}{2}$ c per pound increase over the 1956 minimum average price and was the first significant jump in the price of tobacco to the grower for the previous six years.

The tobacco market opened in December 1957, a month to six weeks late compared to the time of the usual opening due to equipping the warehouses. By the end of the year only 2.6 million pounds had been sold out of a crop totalling approximately 149 million pounds. By January 10th, 1958, when some 11 million pounds had moved it was obvious the rate of selling was too slow to market the entire crop before spoilage set in with the advent of warm weather in late April. The 10 bale (55 pounds each) per pallet unit with each bale unwrapped to permit examination by the buyer had proved too small to obtain the sales volume needed in the circumstances. At this point the Prime Minister of Ontario called a conference of the growers and buyers in an effort to work out a programme that would move the crop before any of it moulded or rotted by spring but at the same time would not sacrifice any elements of the bale auction method of anonymous selling deemed so important by a majority of the growers. On January 15th the terms of a new agreement were reached. The essential points were that the buyers agreed to a 30 bale per pallet unit with only one bale unwrapped for examination. The growers undertook to assure that the one unwrapped bale was a uniform sample of the 29 wrapped bales. The growers also undertook to provide as far as possible that a ratio of 65-70 per cent loose tobacco to 30-35 per cent tied tobacco would be offered for sale daily in order to accommodate both domestic and export buyers with their individual proportions of the crop. Daily sales rose to between 2 and $2\frac{1}{4}$ million pounds compared to daily sales of less than one million pounds before the new agreement came into effect. The marketing of the 1957 crop concluded on April 18th, 1958. The crop marketed totalled 147,873,775 pounds and was sold at an average price of 50.32c per pound or 1.32c per pound above the minimum average price award of 49c per pound for a total value of \$74,410,083.58 to the producers. By all accounts everybody, including the dissidents, was well satisfied with the new marketing system on its first year's test.

But grower satisfaction over the outturn of the first crop marketed under the new authority soon changed to worry and concern with the marketing of the second crop. Through the assistance of the tobacco research and extension officers of the Canada and Ontario Departments of Agriculture, the Flue-Cured Tobacco Grower's Marketing Board was successful that year in having a schedule of tobacco grade standards prepared and subsequently approved under The Ontario Farm Products Grades and Sales Act and a tobacco inspection staff appointed and administered by the Canada Department of Agriculture. Controversy, however, developed early in 1958 between the Ontario Flue-Cured Tobacco Grower's Marketing Board and the tobacco buyers over a 15 per cent cut in acreage

by the growers for that year in view of the low reserve stock situation in Canada at the time with some manufacturers holding less than one year's supply of maturing leaf. Argument by buyers that acreage control was being used to enhance prices instead of controlling surpluses was countered by growers that an acreage cut that year was necessary since production rights on existing farms and allotments on new farms in 1957 and 1958 had increased total base acreage by some 20,000 new acres. At the same time the growers decided to abandon the previous policy of negotiating a minimum average price for the crop and to substitute instead a negotiated or arbitrated scale of 42 minimum tobacco grade prices based on the new grade schedule. The tobacco buyers declined to participate in the negotiations and the ensuing arbitration for the reasons they claimed the Ontario Flue-Cured Tobacco Grower's Marketing Board had prevented them from seeing the tobacco on the farms during the growing period so they didn't know what they would be buying and because the price negotiations were held at a time when the crop was not fully harvested so its size and distribution by grade and weight was not known. A sideline issue in the argument was the general use by the growers during 1958 of the chemical MH-30 to avoid hand suckering. The buyers had publicly opposed its use chiefly because treated tobacco has a reduced cigarette filling capacity; i.e., only some 350 cigarettes may be made from a pound of treated leaf compared to some 400 cigarettes from a pound of untreated leaf. When the chemical is improperly applied, the tobacco becomes reddish or scorched in colour and lower in quality. For other reasons as well the 1958 flue-cured tobacco crop was lower in quality and colour than the 1957 crop.

When the tobacco market opened in November, it was soon apparent that the minimum grade prices were unrealistic for six to eight of the lower grades in view of the heavier poundage of common quality tobacco on the market that year. Also in the picture was the 1958 arbitration award setting minimum prices by grade for the first time in Ontario at an average increase of 2 cents per pound, grade for grade, over the actual prices paid for a smaller, higher quality crop in 1957.

As a result of the impasse which developed in the auction warehouses, six of the lower grades were exempted by the Farm Products Marketing Board during January, 1959, from the minimum grade prices set on them the previous September through joint agreement between the buyers and growers (most unwillingly on the part of the latter) and prices on these grades were left to free auction bidding on the exchanges. The exemption for many producers proved unsatisfactory but even with this agreement daily tobacco sales were slow and difficult. It seemed apparent, however, that buyers favoured the bale auction system since it permits them to pick and choose the grades and classes of leaf they prefer, compared to buying some grades and classes they do not want under the whole crop barn-buying system in effect prior to 1957. The old method to some extent favoured the poor grower and discounted the good grower. The new method to a like extent favours the good grower and hits the poor grower.

The 1958 crop totalled 173,213,818 pounds and sold for an

average of 47.5 cents per pound. After allowing for one cent per pound to the grower for grading services included in the 1958 average price (this fee was in addition to the average price in prior years) the 1958 average price was 4 cents per pound below that intended to be realized from the arbitration award and below that obtained in 1957. The result represented a serious setback to the still new Flue-Cured Tobacco Growers' Marketing Board. This situation was further aggravated by some 1,600,000 additional pounds of tobacco which did not sell at all and had to be processed by a co-operative agent of the Growers' Marketing Board on a participating agreement with the growers concerned.

But more serious was an entirely new situation, never before experienced in producer farm marketing in Ontario, which developed in 1958. It was to plague tobacco marketing for years to come and to cast its shadows on the operation of other negotiating type marketing plans in the Province. This was the refusal of the tobacco buyers to participate in any form of price or contract negotiations with the growers. The action saddled the Farm Products Marketing Board with the unwelcome and unsatisfactory obligation under the law to appoint not only the Chairman but also an additional member to meet with the producer representative in order to complete an Arbitration Board so that a minimum price award could result.

(j) The Wheat Marketing Plan

From time to time commencing in 1950 in Essex and Kent Counties and spreading to Middlesex, Elgin and Huron Counties and then developed on a Provincial basis, various groups of producers proposed that a marketing plan be set up to direct the marketing of Ontario winter or soft wheat. The producers' main grievance at the time was that buyers were taking advantage of the rush to market of the wheat crop to drive down the price artificially at harvest time.

Winter wheat has always been an important cash crop in Ontario. As far back as 1914-1918 nearly 18 million bushels were harvested. This compares with a slightly more than 24 million bushel average crop in the five year period 1949-1953. This larger production was due to two factors; an increase in acreage and close to a 40 per cent increase in yield per acre. There has been little change in the growing areas, Southern, Western and Central Ontario accounting for over 95 per cent of total production ever since the 1914-1918 period.

Winter wheat is harvested during late July and early August, and the first run of newly harvested grain immediately enters commercial channels. During the past decade some 75 per cent of the total inspected marketings have been channeled onto the market during the first four months of the crop year, i.e. July through October. These heavy marketings immediately after harvesting lead to three conclusions; (1) that farmers generally do not have available or wish to provide storage space on the farm for winter wheat, (2) that they consider winter wheat a source of readily available cash regardless of price, and, (3) that the present harvesting procedure of combining and handling wheat as quickly as possible with a minimum of effort will further increase the flow of wheat to the country elevators at harvest time.

Only some 4-6 million bushels from the total crop of some 24 million bushels moves off the farm for sale or for processing by millers for pastry flours or for cereals or for export as wheat. Some 85 per cent of the crop sold for processing originates west of London, Ontario, where winter wheat is only one of several important cash crops. Approximately one and a quarter million bushels is used for seed, some of which is exported. The balance is used for feed most of which is fed on the farm of the producer. East of London, Ontario, winter wheat is used to even up seeding and if the market price in the fall is low the crop is fed to livestock and the straw used for bedding. If the price is high the crop is sold and oats, barley and corn bought. Hence in periods of more attractive prices for winter wheat than for alternative feeds the producers in Central Ontario could make a wheat plan very difficult to handle through offering more wheat for sale than normal and buying substitute feeds.

Comparisons were made with the marketing plans already approved for white beans and soya beans but the sale of these crops is quite different in that their cultivation is limited to a relatively small area and almost the entire production finds its way to market each year. This is not the case with winter wheat.

Key to the success of any wheat marketing programme was the attitude of the co-operative and privately owned elevators available to the cash grain producers in Ontario in view of the manner in which these facilities were now being used by the farmers as a result of the development of the combine. It is not an uncommon occurrence to find farmers lining up at any one of over one hundred Western Ontario elevators at any hour from dusk on, when harvest operations usually stop for the day, until the time arrives to begin threshing or combining operations on the following day. Both the co-operative and privately owned and operated elevators accept this condition realizing the farmer is usually short of help, that storage facilities in many cases on farms are practically non-existent but chiefly because the competition afforded by the one hundred-odd elevators competing for the wheat coming to market in a short period of time is so keen that they must aggressively cater to the producers or go out of business. In addition elevator facilities were becoming more costly to construct and operate due to the obligation to remain open at all hours and in all kinds of weather. An average sized country elevator without any frills but including receiving, cleaning and shelling equipment, together with storage capacity of 25,000 bushels, represents an investment of \$65,000.00 to \$70,000.00. Elevator operators have a large and growing stake in the cash crop business. The value of grain storage and handling facilities in Western Ontario in 1960 exceeded eight million dollars.

Marked changes were also taking place in the selling and distribution of grain. Several of the larger grain organizations operating two or more elevators were now making their own sales to the miller, processor or exporter. The one plant operator was probably still using the grain broker who, by picking up odd cars at different points, was able to accumulate sufficient volume to make fair sized sales. A further step in centralizing sales was taken when a number of the co-operative elevators combined their offerings of spot cars at different points through

a central sales office which permitted firm offerings of much larger quantities to be made to the financial benefit of both parties. Export competition was troublesome because of the price offered into the same markets for subsidized soft wheat by American shippers at ocean ports. Another factor was the price of Western Canada feed wheat laid down at country elevators which flows in large quantities into Ontario with a freight assistance subsidy paid by the Government of Canada at the rate of 15c per bushel. Producers claimed this cheapened the price of Ontario wheat going into the feed market by a like amount. In the picture during the later fifties was injected the ever increasing activities of the trucker dealer who was beginning to play a far more important part in the market than most realized. Sparked by increasing freight rates more than one of the larger feed companies, who previously purchased all its grain requirements in carload quantities shipped by rail, was now receiving most of their requirements from truckers and as well were making direct purchases of grain from producers. All these factors were price upsetting influences as well as aggravating the problem of uniform grading compared to the control possible under rail shipping.

The agitation for a wheat marketing plan continued but now criticism of the buyers artificially driving down the price at harvest time was giving way to a desire to prevent the wide fluctuations in price throughout the year in co-operation with the trade which it was felt a marketing board could do. During 1954 a petition of some 7,000 names of wheat producers requesting a vote on a proposed marketing plan was submitted to the Farm Products Marketing Board. The Board took no action on the petition as an undue proportion of the names came from one county in the Province and because the petitioners were not in agreement as to the type of marketing plan; i.e. negotiating type vs. marketing agency type, that the producers generally preferred.

During 1957 agreement was reached between the producers and elevators, feed manufacturers and milling companies on a negotiating or collective bargaining type wheat marketing plan. At the same time the petition of the producers submitted in 1954 was revised by the deletion of the names of all petitioners who had since passed away or had sold their farms and was supplemented in the case of all counties having in excess of 15,000 acres producing wheat by signatures representing not less than 10 per cent of the number of wheat producers in such counties. As a result the Board approved the application and since the number voting on January 17th, 1958, in favour exceeded 60 per cent of the total number voting and the number voting in favour exceeded 51 per cent of the total number eligible to vote, the Board recommended the plan to the Minister for approval which was granted.

While the marketing plan was of the negotiating type it also included provision for an equalization fee of 9c per bushel under The Canada Agricultural Products Marketing Act paid by the producer to establish a price support fund to assist in the disposal of wheat surplus to domestic requirements when needed. Similar to the white bean crop equalization fee the unused portion

of the wheat equalization fee had to be returned to the producers at the end of each crop year.

Immediately on being established in 1958 representations were made by the Wheat Producers' Marketing Board to the Government of Canada for a winter wheat support price under the new Canada Agricultural Prices Stabilization Act. The base price was established at \$1.78 per bushel, f.o.b. country shipping point, and the Wheat Producers' Marketing Board endeavoured to have the prescribed price set at 90 per cent of the base price or \$1.60 per bushel. The Canada Agricultural Prices Stabilization Board declined to agree to as high a support price but prescribed the lowest minimum price possible under the legislation of 80 per cent of the base price or \$1.42 per bushel. Meanwhile, negotiations were continuing between the Wheat Producers' Marketing Board and the trade in an attempt by the producers to negotiate under their marketing plan a minimum price higher than the Government prescribed price. These negotiations succeeded in establishing maximum handling charges and discounts for moisture to be paid by the producers and price discounts for wheat grading below No. 2 but failed to agree on the question of a minimum price. This question went to an Arbitration Board which awarded a graduated scale of minimum prices beginning with the harvesting of the crop in July at \$1.45 per bushel, rising to a high of \$1.50 per bushel the following January and February and declining thereafter to \$1.45 per bushel by the following June. Significantly the Arbitration Board also ordered that the Ontario Wheat Producers' Marketing Board must buy carlots of wheat when offered by dealers or processors at the ruling shipping point minimum price and in the event the Board decides to offer wheat for export at less than the minimum price the grain trade generally should be given an opportunity to bid on such wheat. If a sale was made then proof in the form of certified export entries had to be furnished to the Board showing that the shipment had left Canada.

Confronted with this award, with one of the largest winter wheat crops on record, and with no experience in commercially handling and dealing in wheat, the Ontario Wheat Producers' Marketing Board turned to the Grain Marketing Division of the United Co-operatives of Ontario for assistance and entered into an arrangement whereby its trading facilities were made available to the Board. Over its first year's operations 3.4 million bushels of wheat were purchased and moved to Montreal for export. Matters looked pretty bad for the new Wheat Producers' Marketing Board but winter kill during the 1958-59 winter indicated substantial crop damage in 1959 and resulted in a much higher winter wheat price that spring. This enabled the Wheat Board to dispose of its holdings at a speculative profit and return to the producers 4c of the 9c per bushel equalization fee levied on the 1958 crop.

The 1959 winter wheat crop was short, as expected, the Canada prescribed price was set at \$1.39 per bushel and the graduated scale of minimum prices between the producers and the trade ranged from \$1.40 per bushel in July to \$1.50 per bushel the following January. The crop moved freely above the negotiated minimum price levels so the Wheat Producers' Market-

ing Board did not accumulate any surplus holdings and all of the 9c per bushel equalization fee levied on the 1959 crop was returned to the grower.

Producer opinion varied whether their Marketing Board should be in the market in view of the Federal prescribed price. Crux of this argument hangs on the method the Canada Agricultural Prices Stabilization Board would have adopted to administer its prescribed price. At one stage it was intimated it would buy wheat on a day-to-day basis at the prescribed price f.o.b. track. Later it was suggested, possibly due to the producers' graduated scale of minimum prices, it would operate on a deficiency price payment basis. This would have meant that the day-to-day price could have been driven down to any level with a Federal Government deficiency payment made at the end of the season of the same amount to each producer to bring the average price paid for the whole crop to the Federal prescribed price level. But there would be no guarantee under this method that each producer individually would average the prescribed price for his crop. To give the new Wheat Producers' Marketing Board its due it stabilized the price of wheat at harvest time in 1958 when the crop was much larger than expected. Furthermore had only the Canada prescribed price been in effect wheat producers would not have had it so cosy at harvest time. Assuming the Canada Agricultural Prices Stabilization Board would take possession of the wheat in Ontario when it was ready to do so (as the Canada Wheat Board does in Western Canada), local dealers could not have cleared farmer deliveries nearly as quickly as they did to the Wheat Producers' Marketing Board. Producers would then have ended up storing a lot more wheat on their farms than they are accustomed to and having to provide the facilities to do it which they apparently prefer not to provide.

A number of issues remained unsettled in 1960 after the first two years' operation of the Wheat Producers' Marketing Board. First was the unsuccessful efforts of the Wheat Producers' Marketing Board to improve the 80 per cent average of the previous ten years' prices (lowest possible under the Act) to the demanded 90 per cent average as the prescribed price by the Canada Agricultural Prices Stabilization Board. Secondly was the realization that the Wheat Producers' Marketing Plan can only operate in conjunction with the Federal prescribed price or through its own wheat marketing agency with exclusive trading powers over the portion of the crop moving off the farm. Such an agency, like the Canadian Wheat Board, could only function, however, through very substantial guarantees of bank credit which might be difficult to obtain by an elected producer body. Thirdly a more satisfactory working relationship between the Federal prescribed price and the producers' graduated scale of minimum prices and in between the operation of the producers' 9c per bushel equalization fee will have to be reached. If, as has been intimated, the Canada Agricultural Prices Stabilization Board will not assume any loss incurred under its prescribed price until the fund created by the producers' 9c per bushel levy is exhausted then, subject to the size of the crop, the export market demand and the producers' convenience at harvest time, the Wheat Producers' Marketing Board might be farther ahead financially to vacate the

price field. Obviously a fully satisfactory winter wheat marketing programme had yet to be developed in Ontario.

(2) THE MARKETING AGENCY PLANS

(a) The Hog Marketing Scheme

The first efforts at organization by hog producers came as a result of a two-day meeting in Toronto in 1941 to consider what control or influence producers had over the marketing of their hogs. In the fall of the same year a second Province-wide meeting was held when the Ontario Hog Producers' Association was formed. The Association's first and main problem was that over 90 per cent of Ontario produced hogs were being picked up at the farm and were directed, it was alleged, by drovers or truckers direct to the packing plant of their choice without a prior agreed price to the producer. The packer of the drover's or trucker's choice depended on who paid the largest inducement to the drover or trucker. This inducement was in addition to the regular transportation fee paid by the producer. This practice of acting on behalf of both buyer and seller would not be tolerated in other lines of trade and commerce and led a leading agricultural economist retained by the Ontario Hog Producers' Association in 1950 to comment that "this is such an unsatisfactory method of marketing as to be almost unbelievable. No better method could be devised of depriving the hog feeder of bargaining power." (Prof. D. L. MacFarlane, Macdonald College, Que.) Farmers in effect were dumping their product at the packers' plants. As a result they were depending entirely on the generosity of the packer. Under these conditions, it was believed, the packer was in a position to fix the farmer's income, standard of living and general security. After many difficulties the Association was able during 1943-44 to persuade hog producers across the Province to respond readily to a campaign to organize and be in a position to assume direction over the marketing of live hogs as soon as the World War II Government procurement agency, the Canadian Meat Board, discontinued operations. Several meetings held directly between the producers and the packers and jointly with the then Farm Products Control Board during January through June, 1945, showed the two groups far apart in their thinking as to what a Provincial hog marketing scheme could accomplish. First of all packers were clear they would of necessity oppose the scheme unless the 20 per cent of the 2,500,000 hogs then produced in Ontario, which were sold into Quebec each year, were also controlled. Producers felt Ontario hog marketings in Quebec were no problem if the packers were genuinely interested in working with them as the major Quebec packers were branches of Ontario processing corporations. Packers took the view that either a short or long term price agreement on live hogs was a practical impossibility because of the nature of the packing-house industry and the perishability of the product. Even under a virtual 100 per cent co-operative hog processing set-up in Denmark, including the sale of the finished product, packers pointed out the maximum stable period for setting the price of live hogs was one week to ten days. Producers countered they were not trying to negotiate the maximum or top price but only a minimum price and that in any event they were not concerned with the length of time a price re-

mained in effect but that the price should be established by negotiation and not imposed by the packers. The packers wanted to know if the scheme was intended to interfere with the increasing trend of direct shipments to the plants—a trend that was sound in the packers' view. The producers' answer was that the scheme must cover every hog moving off the farm in Ontario to market. Packers pointed out the scheme proposed to regulate the sale of live hogs whereas the packer only buys hog carcasses. Producers immediately charged that packers price live hogs but do not buy them, that transfer of the ownership occurs after the hog has entered the processor's plant, has been slaughtered and graded but previous to the grading — even though the hog be dead—ownership remained with the consignor, whether producer or his agent. As a result in the producers' view any proposed scheme would have to include the carcass or any portion of it, as well as the live hog, so as to preclude any misunderstanding. What producers most objected to were the various ways packers bought hogs. In some cases hogs were bought at the farm with the packer paying the freight, while in other cases the hogs were bought at the plant and the farmer was charged with the freight and other expenses. In some instances hogs were bought outright from farmers by drovers who were paid more for them than farmers shipping their hogs direct to packers. Producers made it clear one of their chief objectives was to arrange for as nearly a uniform price as possible to producers. It was soon clear to the Farm Products Control Board there was little likelihood of reconciling the opposing points of view and under the Act it only remained to submit the proposed scheme to a vote of the producers. Because of the difficulty and expense of obtaining an accurate voters' list, since it was estimated there were some 90,000 producers of hogs in Ontario at the time, the Farm Products Control Board agreed to take a registration of the producers and then base the required two-thirds favourable majority of those eligible to vote on those who had registered. The registration and voting were held during December, 1945, when 31,796 producers registered of which 29,757 voted with 29,353 voting "yes" and 205 voting "no". Some 2,039 registered producers did not vote and 199 ballots were spoiled. Since the vote represented a 92 per cent favourable majority of those registered, the Farm Products Control Board recommended the proposed scheme be approved which was done effective May 1st, 1946.

Over the next seven years the Ontario hog scheme operated without making any significant change in the hog marketing system. Due to the Canada-United Kingdom inter-governmental bacon contract with set prices for wiltshire sides, f.o.b. seaboard, thus indirectly establishing the price paid for live hogs, Ontario hog producers during this period were largely precluded from entering directly into a marketing programme for their product. The Negotiating Committee of producers and packers provided for under the scheme met from time to time and discussed informally mutual problems of feed supplies, quality programmes, method of distribution, losses due to bruising and so forth. No progress, however, was made in negotiating agreements respecting minimum prices, conditions of sale and in obtaining a full disclosure of the actual prices paid and the total marketing costs

incurred as evidenced on the hog producer's shipping manifest and grading certificate for each sale of live hogs. Packer representatives were adamant they were acting as individuals and could not negotiate agreements covering these matters which would be binding on the Ontario packing industry as a whole. **On August 1st, 1951, the packers served notice they would not meet the producers again if the producers were going to discuss the question of price.** Following this ultimatum negotiations ceased and in effect the efforts of the Ontario Hog Producers' Marketing Board in the direction of price negotiation were forced to a full stop. But it was the direct deliveries of hogs to packing plants which did more than anything else to bring matters to a head. No open market existed in Ontario strong enough, or representative enough, it was claimed, to establish a price on hogs. It was alleged the price and the allocation of Ontario's weekly hog crop was set mainly by the larger packers. A growing sense of frustration began to mark the actions of the Ontario Hog Producers' Marketing Board which was aggravated by the Farm Products Marketing Board deciding that it could not agree to put the matters at issue between the producers and the packers to arbitration in view of the Federal wartime controls on pork products which were still in effect.

By 1952 the members of the Ontario Hog Producers' Marketing Board decided a mistake had been made, probably due to inexperience and the confusion of wartime controls, in their choice of method of operation in 1946 when a form of price negotiation was adopted. The decision in 1952 coincided with the abandonment of the Canada-United Kingdom yearly bacon contract which freed the Ontario hog industry from the last carryover of Federal wartime controls on pork products. Seeing their opportunity the Ontario Hog Producers' Marketing Board decided to assume direct control over the marketing of hogs through regulating the time and the place at which hogs would be marketed, the marketing services used to transport hogs and to fix the price of hogs produced in Ontario by invoking an authority in all the Ontario marketing schemes of the period to appoint a marketing agency. This provision had been copied from the Federal 1934-1936 marketing schemes but had never been used by any of the Ontario farm marketing boards up to this time.

Prior to the appointment of its marketing agency, the Hog Producers' Marketing Board interviewed the Farm Products Marketing Board during October 1952 with a request that the Ontario hog scheme be revised as a result of the several amendments made to The Farm Products Marketing Act since 1946. The Board agreed to the request provided the Hog Producers' Marketing Board agreed to submit the hog scheme, particularly in view of the new venture now proposed under an exclusive marketing agency, to a vote of the producers for a reaffirmation of their support. The Hog Producers' Marketing Board declined to agree to a vote whereupon the Farm Products Marketing Board refused to make any amendments to the scheme.

Immediately the Hog Producers' Marketing Board proceeded to organize a corporation comprised of six of the seven livestock commission firms operating on the Ontario Stockyards at West Toronto in order to secure experienced salesmen and not interfere

with the agencies already engaged in the business of selling livestock. Subsequently this corporation was chartered as The United Livestock Sales Limited under The Ontario Companies Act. On January 23rd, 1953, it was appointed the marketing agency of the Hog Producers' Marketing Board with power to regulate and control the marketing of all hogs produced in Ontario subject to minor exemptions provided for in the regulations. All packers were required to remit the proceeds for hogs received by them to the marketing agency, which in turn deducted its service charges and paid the person who shipped the hogs to the processor. The producer licence fee of 2c per hog, in effect since 1946, was increased by an additional 2c per hog for "the availability of stockyard facilities" and the regular yardage fees on hogs shipped to the Ontario Stockyards, West Toronto, were not charged. The negotiating or collective bargaining type of marketing scheme was now replaced by the first stage of a marketing agency type of scheme. On certification of the necessary regulations under The Canada Agricultural Products Marketing Act the force and effect of the Ontario hog marketing regulations were extended into the interprovincial and export field on hogs shipped out of the Province. The marketing agency then opened an office in Montreal and remittances for Ontario hogs shipped to Quebec packers were handled in the same way as shipments of Ontario hogs to Ontario packers. The marketing agency, during temporary glut periods, directed hogs from various markets to certain markets. On occasion it ordered minimum prices.

During February, 1955, the Ontario Hog Producers' Marketing Board was advised by the Farm Products Marketing Board that a vote would be taken late that spring on the question of the continuation of the Hog Producers' Marketing Scheme. The Ontario Hog Producers' Marketing Board agreed to a vote within a year, or earlier if a petition of 10 per cent of the hog producers so requested, provided the hog marketing scheme was amended as a result of the amendments being made to The Farm Products Marketing Act during the session of the Legislature then sitting.

About the time of the decision on the vote, an Ontario hog producer applied to the Ontario Supreme Court for a declaration that several of the regulations of the Ontario Hog Producers' Marketing Scheme were invalid. Due to this challenge to the validity of the regulations The Farm Products Marketing Act was amended extensively during the 1955 Session of the Ontario Legislature in order to clarify the provisions with respect to the appointment by any producer marketing board of marketing agencies and their authority to direct the marketing and to fix the price or prices of any designated farm product. But the pending case before the Ontario Supreme Court that the regulations under the hog scheme were invalid resulted in the proposed plebiscite that spring being postponed. The propriety of a private profit-making corporation being appointed a marketing agency of a public organization like a producer marketing board was pointed out to the Hog Producers' Marketing Board. As a result the Hog Producers' Marketing Board revoked the appointment of the United Livestock Sales Limited and on May 31st, 1955, appointed the Ontario Hog Producers' Co-operative Ltd., a co-operative incorporated for the purpose and with membership open to any hog

producer in the Province, as its marketing agency. Now for the first time with absolute trading powers over live hogs produced in Ontario for slaughter the new marketing agency continued more actively the programme of its predecessor company in establishing minimum prices daily on live hogs and to open at Chatham, Barrie, Stratford, London, Lindsay and Windsor in 1955, a group of several assembly yards across the Province in addition to the first yard opened at Kitchener in 1954. At the same time the Ontario Hog Producers' Marketing Board increased the service charge its marketing agency could impose from 4c per hog to 24c per hog plus a pro rating fee of 20c per settlement statement or the equivalent of approximately 29c per hog.

The Ontario Farm Products Marketing Board was never satisfied, however, that the amendments to The Farm Products Marketing Act, 1955, were sufficient for the purpose intended unless The Canada Agricultural Products Marketing Act was also amended in order to regulate and control the marketing of farm products outside the Province. The Government of Canada declined to amend its marketing legislation since the questions involved had never gone to trial in any Court but during the 1955 fall session of the Dominion-Provincial Conference the Government of Canada agreed, at the request of the Government of Ontario, to facilitate a reference to the Supreme Court of Canada on the validity of the Ontario farm marketing legislation. A wail of dismay came from the dissident hog producer as he withdrew his pending action from the Ontario Supreme Court against the hog scheme and regulations on the grounds the Ontario Government had wiped out his case.

Attention, however, was soon diverted to another issue. During July, 1956, the marketing agency decided to make an issue in Grey and Bruce Counties of the direct shipping of hogs to the packers. At the time some 8 per cent of the hogs went to the central market at the Ontario Stockyards, Toronto, and some 92 per cent of the hogs went direct to the packers. All hogs produced in Grey and Bruce Counties were directed to any one of the then seven established hog assembly yards. This was the first break in the direct shipment of hogs to the packers which had developed during the middle 1920's as a result of Federal Government carcass grading regulations and the advent of truck transportation through improved highways which replaced rail shipping. Over the next five months the compulsory directional programme was gradually extended across the Province from west to east as the number of new assembly points were established. By the end of 1956 it was stated that upwards of 75 per cent of all the hogs graded in Ontario were being sold on the open market at fourteen assembly points from twenty-one counties. It was also announced that as soon as possible 100 per cent of the hogs produced in the Province and sold for slaughter would be directed to market.

During January, 1957, the Supreme Court of Canada upheld the validity of The Ontario Farm Products Marketing Act. The somewhat qualified decision was a major step forward in the farm legislation fight. Following clarification of the legal uncertainties raised by the decision through amendments to both the Canada and Ontario farm marketing legislation, the Ontario Hog

Producers' Marketing Plan and Regulations were again revised and rewritten by the Farm Products Marketing Board. While the Board's intentions were only to remove any legal doubts this revision proved to be a costly error as further court references in 1958-59 showed. Meanwhile, the marketing agency's programme of compulsory direction continued to expand and soon directed in 1958 some 85 per cent of the hogs to the open market through fifteen assembly points from twenty-seven counties. Due to the cost of establishing and maintaining the growing number of assembly yards, the Ontario Hog Producers' Marketing Board authorized its marketing agency during March, 1958, to increase its service charge from the equivalent of 29c per hog to 40c per hog.

Meanwhile resistance by several packers, shippers or truckers and certain producers to the method of establishing and announcing minimum prices daily and to the directing of hogs from some markets to other markets was mounting. Processors claimed the only market price published was the price obtained for hogs at the Ontario Stockyards, Toronto, which merely represented 8-10 per cent of the total daily hog receipts throughout the Province. The price paid for hogs delivered direct to the plants or the prices negotiated by the producers' marketing agency were not reported. Producers pointed out the Canada Department of Agriculture's marketing service issues all daily hog market reports and that this service only reports the prices obtained on the public markets. There is only one public hog market in Ontario—at Toronto. Privately producers probably felt their bargaining position was considerably improved if only the highest daily price was published. More important was the packers' complaint that price was not the determining factor in the marketing agency's allocation of hogs and that allocation was arbitrary and on occasion had been to markets which returned the producer less net returns than had the supply been directed to traditional markets. Producers denied this claim and stated they only diverted hogs when a higher available price elsewhere offset the additional transportation costs and allowance for loss in shrink. Packers countered they were in full agreement with the producer's objective to maintain an open market at all times provided all buyers were afforded equal opportunity to bid competitively on each and every lot of hogs offered.

Due to the growing controversy the Ontario Hog Producers' Marketing Board was advised during October, 1957, that a vote on the continuation of the hog marketing plan would be conducted by the Farm Products Marketing Board during the spring of 1958. But during January, 1958, an application was made to the Ontario Supreme Court by a group called the Ontario Peach Growers' Protective Association to restrain the Farm Products Marketing Board from determining the eligibility of producers on the basis of a minimum of two acres of peaches in production to vote on the question of the continuation of the fresh-peach growers' marketing plan. The Ontario Supreme Court granted the injunction. So until the method of conducting plebiscites of producers was cleared up through amendments to The Farm Products Marketing Act at the 1958 Session of the Ontario

Legislature it was felt necessary once more to postpone the proposed plebiscite on the hog marketing plan.

Meanwhile an ill-timed prosecution was instituted by the Hog Producers' Marketing Board against the partnership of Wm. Knights & Sons, livestock shippers, Chatham, Ontario, for engaging in shipping hogs without a licence from the local board, for assembling hogs at places elsewhere than the assembly yards of the marketing agency of the local board, for failing to register their names, addresses and occupations with the local board, and against one of the partners for failing to produce and permit inspection of the books and records relating to shipping hogs by the firm. The alleged offences related to hogs shipped out of Ontario to packing plants at Montreal, Quebec. The Farm Products Marketing Board and others recommended strongly against the proposed court action without success in view of the contemplated plebiscite of the producers on the continuation of the hog marketing plan. Some sixty-two charges were laid against the partnership which immediately led to cries of persecution on the part of the Hog Producers' Marketing Board. One of the partners died the same day he heard forty-nine of the charges read against him in Magistrate's Court. The firm was an old and well-established livestock shipping agency whose partners were all substantial farmers as well as drovers with a reputation for shrewd selling ability the benefits of which were shared with their producer suppliers. On June 3rd, 1958, the Magistrate acquitted the partnership on eleven charges and dismissed an additional ten charges. Immediately counsel for the Wm. Knights & Sons applied to the Supreme Court of Ontario for a writ of prohibition to bar the Magistrate's Court in Chatham from hearing the pending charges against the firm.

On another front hog marketing was also in the news. On May 20th, 1958, the Farm Products Marketing Board announced producers would have an opportunity to vote on the continuation of the existing hog plan on July 25th, 1958. This would be the first opportunity for hog producers generally to indicate their approval of the single sales agency method of selling which had commenced during January, 1953, and of compulsory direction of hogs to specific assembly points which had commenced during September, 1957, but which was not yet in effect over the entire Province.

A side issue, festering for over two years, now came out in the open. Compulsory direction was extended to include Simcoe County during the month of April, 1958. This district included the territory where the First Co-operative Packers of Ontario, Ltd., Barrie, Ontario, was located, Ontario's only co-operative meat packing plant owned by some 2,300 livestock producers. All members of COPACO (First Co-operative Packers of Ontario) contract all the hogs they produce to their co-operative as a condition of membership. As a result COPACO requested exemption from the compulsory direction order of the marketing agency of the Hog Producers' Marketing Board. This was refused. On May 27th, 1958, tension came to a head between COPACO and the Ontario Hog Producers' Marketing Board when that Board announced all the hogs in its assembly yard and COPACO's unloading yard were owned by the Board and it was directing all the hogs

from both yards to markets it determined. As a result five hundred hogs which started off for the COPACO plant that morning wound up at a Hamilton processing plant and set the stage for a court battle between COPACO and the Ontario Hog Producers' Marketing Board. COPACO wrote all its members that those who wished to ship their hogs direct to the plant may unload them at another door where arrangements were made to receive them; members who wished their hogs to go to the marketing agency of the Ontario Hog Producers' Marketing Board are free to deliver them to its assembly yard but these hogs will not be eligible for COPACO patronage dividends and COPACO will continue to pay its members direct for all hogs received from them and will not deduct the service charge of 40c per hog for the marketing agency of the Ontario Hog Producers' Marketing Board. Any non-member hogs COPACO buys would be paid for through the marketing agency in accordance with the regulations. An interesting sideline of this dispute developed with the advent of compulsory direction in Simcoe County when some three hundred shares of COPACO stock lying idle in estates and in the hands of retired farmers was picked up at rapidly increasing values by hog producers in the majority of cases not primarily to join COPACO but to escape from compulsory direction by the Ontario Hog Producers' Marketing Board and its marketing agency. This meant there were that many more members of COPACO with the result the proportion of hogs received from members jumped from approximately 70 per cent of the plant's weekly kill to well over 90 per cent. There was little doubt in legal circles that the provision of the hog marketing plan and regulations took priority over the charter rights of COPACO. But this priority the Hog Producers' Marketing Board did not dare to enforce at the time in view of the temper of the members of COPACO.

On July 4th, 1958, Mr. Justice Ferguson of the Supreme Court of Ontario granted the writ of prohibition against the Chatham Magistrate in the Wm. Knights & Sons' case but also went farther and ruled the hog marketing plan as amended and repassed in 1957 was never valid under law since it had not been preceded by a vote of the producers. The Farm Products Marketing Board decided to appeal the judgment to the Court of Appeal and in the meantime because all preliminary arrangements had been completed proceeded with the taking of the vote of the producers on the continuation of the hog plan on July 25th, 1958.

Meanwhile developments were taking place in another quarter. On March 20th, 1958, the Ontario section of the Meat Packers' Council of Canada requested the Government of Ontario to intervene in an impasse which it claimed had been reached in its relations with the Hog Producers' Marketing Board. It was alleged the matters at issue had been previously discussed between the two groups and had been completely unsuccessful. Crux of the problem, the major hog packers stated, was not the basic principles of producer marketing boards, to which the packers took no exception, but to the method of price determination and resulting allocation of hogs adopted by the marketing agency of the Hog Producers' Marketing Board. These points of issue have become progressively more acute as the agency has extended the com-

pulsory directional programme. In view of the fact that all efforts to resolve these difficulties with the Hog Producers' Marketing Board have been unavailing the Ontario section of the Meat Packers' Council of Canada saw no alternative but to appeal to the Government of Ontario for help. The processing industry indicated it wished to abide by validly constituted acts and regulations and to co-operate as its members had with each successive departure from the original hog marketing scheme over the past decade in any programme for the more efficient marketing of farm products. But it felt the delegation of far-reaching powers to producer marketing boards and agencies implied an obligation by the Government to see that such delegated powers were wisely and equitably applied.

The Government of Ontario responded by calling a conference of the major hog packers and the Hog Producers' Marketing Board on May 13th, 1958, which was attended on a follow-up meeting on May 15th by representatives of the domestic or smaller packers. In general the problem reduced to its simplest terms was that the packers did not approve of the system of price determination for hogs and allocation of the supply of hogs and wished an experiment tried of an open auction method; either mechanical (Dutch clock) or human; as the producers elect. The Hog Producers' Marketing Board preferred only their then system of marketing hogs. Packers agreed if an open auction method was not tried then any alternative method would have to provide that all hogs would be offered to all packers and equal opportunity afforded to all to bid on specific lots, that all packers would be advised of the number of hogs offered at each sale, the number sold and the price paid and that a time limit be agreed upon when a bid would be accepted. In the case of similar bids the first bid would get what was offered. The Hog Producers' Marketing Board countered by proposing a teletype service whereby machines set up in the office of each co-operating packer would give market information as to the volume offered in each lot for sale at each assembly point, an opportunity to bid, with agreement to be reached on the time for closing bids. But the Hog Producers' Marketing Board declined to advise the packers of the different bids on each lot of hogs and the number of hogs sold in each lot. The packers agreed the suggestion was an improvement over the then present system of marketing but it was no substitute for an open auction system. The usefulness of further discussion was exhausted when the Hog Producers' Marketing Board stated they could not consider any major change in their marketing plan prior to the vote now announced for July 25th. The packers concurred in this view. The Hog Producers' Marketing Board agreed, however, to meet with the packers after the vote was held and to discuss auction or any other method of hog marketing that might be proposed.

Amid a welter of conflicting claims between producers for and against the existing scheme with a proper mixture of sand thrown in the machine by a number of drovers and truckers the vote on the continuation of the existing hog plan was held on July 25th, 1958. As far as could be ascertained the packers took no part in the plebiscite and the Chairman of the Ontario Hog Producers' Association complained about his inability to create interest in the vote when the other side wouldn't come out and

fight. Opposition that hurt the Hog Producers' Marketing Board, however, originated through a group of producers located chiefly in the major hog producing counties of Huron, Perth, Kent and Waterloo, who were opposed to the present marketing plan because they claimed the extra expense and excessive shrink experienced in shipping through assembly yards compared to shipping direct to plants made the plan too costly to the producer. What they were also protesting was their right to market their own hogs being taken away, the coercive action taken against the dissident producers and the uncompromising attitude of the Hog Producers Marketing Board that their plan was the only plan and everyone must comply with it.

In preparing for the plebiscite township clerks and assessment clerks in 420 townships in forty counties across the Province (excepting Northern Ontario where the plan did not apply) were engaged to compile the preliminary voters' lists. Basis of eligibility to vote was one voter per hog-producing farm. If the farm had hogs on it at the time or within reasonable time of the preparation of the list its owner or tenant was eligible to vote. Courts of Revision were provided for in every township where names could be added or deleted from the preliminary voters' list on proof of eligibility by the Revising Officers and a Court of Appeal was provided for by the Farm Products Marketing Board where any producer could appeal the decision of any Revising Officer. A list of 78,994 names of hog producers eligible to vote on the continuation of the existing hog plan was compiled. This plebiscite was the largest ever conducted by the Farm Products Marketing Board.

No one could take any satisfaction out of the result of the vote for several reasons:

- (a) only 68.2 per cent or 25,354 producers of those voting were in favour or 1.54 per cent more than the minimum required;
- (b) only 47.4 per cent or 37,151 of the 78,994 eligible producers voted;
- (c) in five counties where over 50 per cent of the hogs are produced, the vote failed to win a simple majority of 51 per cent and in twelve counties the vote failed to win the required majority of 66.66 per cent.

Had the plebiscite been conducted under the requirements in either of the Provinces of Quebec or Alberta or in Great Britain the vote would have failed and the existing hog scheme would have been revoked. Nevertheless the Government of Ontario publicly announced its full support to a hog marketing plan chiefly for the reason it felt many producers voted for the existing plan because they were in favour of the principle of a marketing plan although not necessarily the present plan but had no other way of recording a favourable vote. But those opposed now appeared more determined and better organized than before the vote.

Early in September, 1958, at a protest meeting at Tavistock, Ontario, of over six hundred objecting hog producers to the continued operation of the marketing scheme, an elected committee of ten producers was authorized to engage counsel to move in the Ontario Supreme Court to set aside the July 25th vote and to demand that a new vote be held in view of many alleged breaches

of the regulations and of the common law where the regulations do not apply in the conduct of the vote on July 25th.

On October 14th, 1958, the May 13th-15th conference called by the Prime Minister of Ontario in an effort to resolve differences between the Hog Producers' Marketing Board and the packers was reconvened. Over the next three months the Prime Minister and the Minister of Agriculture attended some ten meetings, jointly and separately, with the hog producers and packers in an effort to work out a mutually agreeable system of determining prices for hogs and allocating the supply of hogs daily to the various processors of which there were some forty-two in the Province, eleven of whom handled some 80 per cent of the total supply and were represented by the Ontario section of the Meat Packers' Council of Canada, and thirty-one of whom handled the remaining 20 per cent of the total supply and were represented by the Domestic Packers' Association. No progress was made and the meetings degenerated into an exchange of briefs. Producers did propose a slight modification of their earlier telephone-teletype plan by a ticker-tape market exchange plan which offered some additional market information to the processors through the location and number in each lot of hogs being given when listed for sale. But producers regarded a public auction market for hogs as a backward step whose only conceivable advantage could be that the bidders and their bids would be known. They claimed the temptation of collusion would be too great since the number of buyers was small and the risk of retaliation in the market on the part of the larger firms was too great for the producers to accept a public auction method of sale. Packers rejected the ticker-tape market exchange plan as no improvement over the earlier proposal since it was not clear that every lot of hogs coming to market daily would be listed, that every processor would have an equal opportunity to bid on every lot and that when a sale was made that the price paid and the number sold would be recorded on ticker tape. Ontario Government representatives stated private pricing and private allocation of hogs to packers in view of the quasi-monopoly selling privileges of the Ontario Hog Producers' Marketing Board could not continue. Also that pricing and allocation of hogs had to be done by a system which was completely in the public view and which would develop confidence and trust on the part of all concerned. This was essential to the long run improvement of hog marketing in Ontario.

Instead of improving, relations between the parties deteriorated further during the proceedings. Firstly an unwarranted news release was issued by the producers accusing the packers of attempting to control Ontario hog sales and fix market prices, and in secret meetings with the Minister of Agriculture, of trying to force the producers to accept auction selling. The meetings weren't secret and it wasn't mentioned that the producers also attended them. A further news release by the producers termed auction selling for hogs as advocated by the packers impractical but went further to quote discussions with the Prime Minister at a meeting which he never attended. Collective bargaining between the two groups under the mediation of the Ontario Government was getting nowhere in view of this breakdown of mutual respect. But during the meetings the Hog Producers'

Marketing Board agreed to take no action to extend the compulsory direction programme of hog marketing in Ontario until the issues pending in the court references were settled.

During October, 1958 the appeal on Mr. Justice Ferguson's decision of July 5th was argued before the Ontario Court of Appeal and Judgment was delivered on January 9th, 1959. In the result the Court agreed with Mr. Justice Ferguson's decision but it further held that the hog plan as repassed in 1957 was not effective to revoke the hog plan originally approved in 1949 and amended in 1955 which is still valid and in force. On February 24th, 1959 the Chief Justice of the High Court granted the injunction restraining the Farm Products Marketing Board from taking any action as a result of the plebiscite of July 25th, 1958, and declared the vote null and void and of no effect whatever, but adjourned the application on the question of ordering the Farm Products Marketing Board to conduct another vote in order to give the Board and the plaintiffs an opportunity of getting together to discuss the matter and determine if and when a new vote could be held.

On December 19th, 1958, the Government of Ontario announced that its Department of Economics would inquire into the various issues surrounding the controversy between the Ontario Hog Producers' Marketing Board and the packers as that Department deals with economic conditions including marketing problems and price spreads. After several meetings between representatives of the producers and packers the Department of Economics reported on August 20th, 1959:

"that a mechanical system has been developed which is believed contains the elements of a public auction of hogs. Each packer would have a teletype machine installed at his plant. It would provide information on the hogs offered at each assembly point and the prices bid on each lot of hogs. The bidding for hogs could be arranged on either an ascending or descending scale, although from a mechanical or technical point of view the bidding for hogs on a descending scale would be simpler.

It was stated this system is technically feasible and the cost of installation of the machines should not exceed that of alternative proposals that have been made. From a cost standpoint, the system would be no more burdensome to the small packer than the large, as the major packers have agreed to pool the teletype machine costs and base each packer's share of such cost on the number of hogs purchased.

Each packer would be furnished with a teletype machine. Through it, the Hog Producers' Marketing Board would transmit information to each packer on such matters as the size and location of the lots of hogs offered. Price quotations would be put through the machine and if the system were operated on an ascending price scale, each packer (who would be identifiable at the Hog Producers' Marketing Board by a signal or light) who wished to bid, would register his bid by pushing a button on the machine. In this way, the price bid and the name of the company would be transmitted to the operating centre

of the Hog Producers' Marketing Board. Any packer wishing to bid a higher price would press the button after the machine had been re-started. In the end, the highest price would take the hogs. If the system were worked in accordance with the principle of descending bids, which would be mechanically simpler to operate, the first bidder would take all the hogs, as he had bid the highest price. For instance, if the quotations on a specific lot of hogs at an assembly point — say Brantford — were run through the teletype on the descending scale, the first packer to press the button would take the hogs, subject only to confirmation of the purchase. Where the bidding was operated on an ascending scale, the first packer to bid a price for the hogs that was not exceeded would take the hogs.

We consider this system has merit. We have been advised by members of the Meat Packers Council that they would accept it. Its advantage to them over the present arrangement is that whoever makes the first bid at the highest price will obtain the hogs, whereas in the present set-up, where several packers may bid the same price, the Hog Producers' Marketing Board may parcel out or allocate the lot amongst the several bidders.

While the packers are prepared to accept this system, the Hog Producers' Marketing Board are unalterably opposed to it. Indeed they are opposed to any system which smacks of an auction, even though the bidders are isolated from each other. They contend that they were established to sell hogs. They do not wish to sacrifice the personal contact between the Board and the packer. They wish to be free to telephone to various packers and, in the event of tie bids, to declare how many hogs would go to each packer. They are fearful that the new system will foster greater collusion between the packers, with the result that bids will be lower than they otherwise would be — to the detriment of the producers."

Interviews during 1959 with the Free Enterprise Hog Producers' group showed there was no opportunity of discussing matters with them except on the basis of either an immediate vote on the continuation of the hog scheme or failing a vote on the revocation of all of the compulsory features in the hog scheme. To expedite matters the Free Enterprise Hog Producers' group withdrew its application before the Court on the question of ordering another vote. As a result of this action the Farm Products Marketing Board withdrew its request to the Ontario Hog Producers' Marketing Board not to proceed with compulsory direction in Eastern Ontario and recommended that direction be extended across the entire Province as quickly as possible so that all producers would be under direction and would become familiar with its effect on them. Interviews with the Ontario Hog Producers' Marketing Board during 1959 only confirmed what was already known—that nothing less than the present hog marketing programme in its exact present form as administered by it — was acceptable.

During October, 1959, representatives of the producers and packers appeared before the Ontario Agricultural Marketing Enquiry Committee. Both sides repeated all of the opposing views outlined here surrounding the dispute over the producers' method of sale. Representatives of the producers were more adamant than ever that a mechanical system of sale or any other form of auction for live hogs would be unalterably opposed by them but would be considered for selling hog carcasses. The Farm Products Marketing Board was also accused of placing obstacles in the way of the Hog Producers' Marketing Board developing its programme.

The producers' brief before the Agricultural Marketing Enquiry Committee was further supported by a submission from a consulting economist retained by the Hog Producers' Marketing Board. This submission was extraordinary, if not impertinent. It put forward the view that the Ontario Government had no right to determine whether the producers' method of sale was equitable or efficient and that the Government's insistence that some lasting accord between the producers and the packers be worked out was unreasonable and contrary to the spirit of enabling legislation.

It was by now obvious that an unfortunate and unwarranted controversy was developing over the hog producers' method of sale particularly when the method of sale had nothing to do with the hog scheme itself and was only an important feature of the sales programme of the producers' marketing agency. Furthermore it was apparent that this controversy was being used by the Hog Producers' Marketing Board as a subterfuge in public meetings to distract attention of the producers from the real issues of concern and objection in the rural areas which centre around compulsory direction of hogs to designated assembly yards. The average producer knows very little about how his hogs are sold and he is not particularly concerned with the method of sale. But the main points of debate in the country on the hog scheme concerned compulsory direction. This point did not often get into the open at provincial and county meetings of elected representatives. It was hidden by the Hog Producers' Marketing Board through building doubts and fears, suspicions and antagonisms in the producers' minds over the method of sale through charges of packer domination. This attitude was emphasized in every issue at the time of a new publication "The Market Place" of the Hog Producers' Marketing Board which made it clear there was little prospect of the Farm Products Marketing Board receiving the co-operation to which it is entitled at all times from the Hog Producers' Marketing Board. There was no acceptance by its elected provincial members of the fact that the Hog Producers' Marketing Board was a governmental agency, as are all Ontario producer marketing boards, responsible for policy at all times to the Farm Products Marketing Board. Similarly, the Farm Products Marketing Board is responsible on policy matters at all times to the Ontario Minister of Agriculture. But it never seemed to occur to the members of the Ontario Hog Producers' Marketing Board that they should not be publicly fighting other people all the time and least of all fighting other groups of hog producers.

Obviously something had to be done to restore mutual con-

fidence and respect between producers, packers and Government on a basis that did not involve weakness on the part of any group but which reinstated normal business relationships between all three parties. To this end one of the highlights of the 1960 Session of the Ontario Legislature were the amendments made to The Farm Products Marketing Act to vest in the Farm Products Marketing Board wide supervisory powers over the operations of all producer marketing boards and to insure that their financial transactions are handled in the best interests of the producers.

As a result 1960 saw many notable changes in the organization of the Ontario Hog Producers' Marketing Board concerning chiefly the use of its funds, the presentation of its financial statements, a new method of electing the Members of its Board and a new method of sale of hogs by its agency the Ontario Hog Producers' Co-operative Co.

Respecting the use of funds, the policy was adopted by the Ontario Farm Products Marketing Board that in future the making of grants or like payments not only by the hog producer organizations but by all producer marketing boards would be subject to the approval of the Provincial Board. The decision in the public interest limited the discretionary power formerly delegated to all producer marketing boards in the use of their funds.

A new and more democratic method of electing the Members of the Ontario Hog Producers' Marketing Board was approved. Provision was made for establishing eleven districts or zones from which Members must be elected by secret ballot at meetings held in each district instead of the former seven districts. In this way the former appointment of four of the eleven Members at large by the elected seven Members and the election of the seven Members by district representatives at a Provincial meeting was eliminated.

The substantially revised basis of organization and operation of the hog producer marketing bodies afforded greater protection in the use of producer funds, assured their levies would not be excessive and gave wider representation to hog producers throughout the Province.

But the most notable change in hog producer operations was made in the method of sale. The new method provided that all hogs must be sold by the agency (The Ontario Hog Producers' Co-operative Co.) through the operation of a teletype system developed by the Bell Telephone Co. of Canada to replace the present private treaty method of sale by telephone. Under the new system a master control teletype machine was established in the office of the agency which was linked to teletype units in the offices of the processors. Offerings of hogs for sale on the master machine by the sales staff of the agency were recorded in every buyer's office with bids indicated and sales confirmed. Processors who slaughtered one per cent or more of all hogs slaughtered by all processors must install a teletype unit on which to bid for and purchase their requirements. To enable those processors who bought less than one per cent of all the hogs slaughtered in Ontario in 1960 to purchase their requirements and to serve the processors located outside Ontario who were interested in hogs in this Province, a teletype unit was set up in the office of the agency through which their purchases could be made.

Under the teletype system of sale all hogs were offered and sold from one of the 42 assembly yards of the agency at which the hogs were located at time of sale. Hogs are offered in such lots as the agency determines and when a bid is accepted the sale is confirmed with title to the hogs passing to the processors at this point. Provision was also made for the agency to refuse a bid which is not acceptable. The new system gave all processors and buyers equal opportunity to bid on every lot of hogs offered for sale from every location and be assured, together with the producers, that hogs were sold to the highest bidder. It provided the answer to a number of questions formerly associated with compulsory direction and one desk selling. While at time of writing the system has only had a short period of operation it is already evident that it is capable from the producers' viewpoint of handling sales rapidly, economically and allows ample scope for strong buyer competition. The new sales method essentially is the Dutch clock (or mechanical) auction system with the added feature through electronic devices of the buyers being widely separated across the Province instead of all being located in one room. There is no doubt that Ontario's new system of selling hogs is the most unique and most interesting method that has yet been developed anywhere in the world for the marketing of a major farm product.

(b) The Fresh-peach Plan

The first peach tree was brought to Ontario some 175 years ago but the first commercial orchard was not planted until about 1825 in the Queenston district near Niagara Falls. The following century saw the slow expansion of the industry in Canada. Since the depression years of 1930-1934, peach production tripled in volume. The value of an average crop today approximates \$5 million for an estimated production of 50,000 tons for both the processing and fresh fruit markets. Obviously peaches were now big business in the relatively confined localities in Ontario where they are grown.

During the period when production was doubled and then tripled, growers paid little attention to marketing problems. They had marketed peaches by the same system for years. By 1946 production costs began to increase rapidly. Growers became first alarmed about the situation in 1951 and a Marketing Committee was set up to study the problem. Low returns appeared due to several factors among them the system of commission selling with the grower consigning his peaches to commission agents on distant markets and not knowing the price until after the peaches were sold. Other factors were the competition between shippers and between truckers and between both groups competing with each other with no co-ordination of shipping activities. Major markets received more than enough peaches to satisfy demand. Lesser markets received too few peaches. Prices declined on major markets as soon as the demand was met even though smaller markets had a scarcity. Adding to the confusion was the practice of shippers and truckers to unload peaches unsold at the end of each day for any price they could get. Neither the wholesaler nor the shipper had any financial interest in the crop. Price was not important to them. Another most unsatisfactory practice to the growers was the method of prorating claims

against brown-rot in the fruit. The losses were spread over all growers' returns regardless of which grower's lot had the brown-rot. This penalized those growers making an effort to ship quality fruit. A final factor was the peach itself. Because of its high perishability it spoils easily unless kept cool. The peach was marketed direct from the orchard with no attempt made to remove the field heat. Losses from spoilage were high. The consumer was losing confidence in the Ontario fresh peach as a desirable item on her dinner table.

In addition peach growers faced another challenge. Some 60 per cent of an average crop was being marketed to canners and jam manufacturers under the provisions of a separate marketing plan which had been in successful operation since 1937. In recent years the prices paid for processing peaches had been substantially higher than the prices realized from the fresh fruit market. While the maturity of the peach going to the processing market at greater labour expense and risk to the grower is entirely different, due to the processors' demand for fully tree-ripened fruit, nevertheless processors felt they were being unreasonably compelled to support the peach market. They claimed they should be permitted to take advantage of the lower prices obtaining on the wholesale fresh fruit markets. Peach growers quickly appreciated there were then two good reasons to endeavour to bring some order in peach marketing; (1) to protect the price level for the major portion of their crop going to the processors; and (2) to improve net returns for the portion of the crop going to the fresh fruit markets.

Net prices realized from the fresh fruit markets for the 1952 and 1953 crops were disappointingly low.. The Marketing Committee studying the situation submitted a draft plan to the growers in 1952 which was widely discussed in all peach-producing areas. Amendments were made in 1953 and a plebiscite of the producers finally called in 1954. Immediately after a successful vote, when 79 per cent of the 2,480 eligible growers voted in favour, the Ontario Fresh-peach Growers' Marketing Plan was approved. The peach growers became the second Ontario producer group to embark on a single sales agency marketing programme with even wider powers than the hog producers in that the authority to pool the returns from the sale of the peach crop to the growers was included among the powers delegated to the new sales agency.

Peach growers knew that improved returns were dependent upon improved quality of the product as well as upon an improved marketing system. Through their new Ontario Fresh-peach Growers' Marketing Board and its marketing agency, the Ontario Peach Growers' Co-operative, operations commenced in 1954 without any backlog of experience as a guide. But through the fast moving ten week marketing period for each of the 1954, 1955 and 1956 light crop years the Co-operative continually strove for improvements in the selling system and in fruit quality. The consignment system of shipping was largely eliminated, stability to the supply system was introduced through holding surpluses in cold storage until they could be absorbed into the market; small subsidies were paid to encourage shipments west of the Lakehead, precooling of peaches to remove field heat was introduced as was a new cardboard master container for four 6-quart baskets to permit

handling without damage to the fruit. Peach quality improved and returns to the growers climbed. Price drops during each marketing season were fewer — a new experience to the growers. By 1957 the plan seemed universally accepted and operating successfully. The most encouraging aspect was that the new grower organization had perhaps done the best job of all the producer marketing boards in the Province in introducing new techniques and developments in the marketing of its product and in making marketing research one of its first responsibilities.

But 1957 due to a bumper crop turned out to be a different year. Fresh peaches now could no longer be shipped on commission or on open ticket by any dealer or shipper. Moreover they had to be sold at or above the minimum prices set daily by the marketing agency and any grower who could not market his peaches through his customary outlet could deliver them to the agency at the minimum price for the day. In effect the agency had underwritten the price of the crop. Surpluses developed in the Jubilee variety and price drops occurred in several varieties which proved too great to be handled. Then stem rot developed in the Elberta variety, the last of the crop, but was not evident until the fruit reached the market. The agency was responsible. Losses totalled \$185,000.00 and after allowing for surpluses on hand the Fresh-peach Growers' Marketing Board and its agency lacked \$75,000.00 to pay outstanding accounts mostly due to growers. Trouble was also experienced in another quarter. During the year some growers, largely catering to nearby retail public markets, decided to ignore the marketing plan and refused to pay their fees and service charges to their organization. Prosecutions resulted in a number of them being fined. These growers and other opponents took the opportunity to organize the Ontario Peach Growers' Protective Association which body became strongly vocal in stirring up public opinion through the press and radio against the fresh-peach plan. The Niagara Peninsula rang with charges of "state control", "growers in open revolt", "government dictatorship" and "peach industry now socialized". A vote of confidence on the marketing plan was forced which resulted in 69 per cent of the eligible growers favouring its continuation.

Operations were resumed in 1958 on a limited basis compared to the 1957 programme and continued to 1960. Without funds the agency could not underwrite the price of peaches or assume any ownership of the fruit. Recommended minimum prices by a committee of growers and shippers were approved by the agency. A 4c per 6-quart basket levy was charged which together with a smaller crop was sufficient for the organization to market the output, wipe off all its debts and start the 1959 season with a clean financial sheet. But the season was not without its difficulties. The suggested f.o.b. price to the grower plus an agreed shipper mark-up broke down two-thirds way through the season under sales pressure. A wide range of shipper quotations followed but generally the grower price held. Early in September, however, most shippers closed their doors in the face of mounting deliveries and a fixed grower price. In the emergency the agency undertook to pool the proceeds of the Elberta variety to the growers, the last to be marketed, and the impasse was relieved.

It was generally agreed that under certain conditions, pooling of returns, which most growers view with mixed feelings, can pay off as a practical method of marketing.

Little change was brought about in 1959. Efforts to put into effect a firm f.o.b. price failed and the shipper mark-up was left to the individual dealer. But the grower price was established and another light crop enabled the agency to weather the year with reasonable success in what it regarded as a makeshift plan. Looking back over six years of this fresh-peach operation, it was becoming increasingly obvious that an efficient system of marketing required (1) a uniform price to the trade, (2) a uniform quality, and (3) continuity of supply, and that simply setting the grower price alone was not enough. This does not mean the agency did not accomplish anything. It did. Definite progress was made in the fields of pre-cooling and temperature control, better packaging, better quality, wider distribution and greater consumer satisfaction.

But because the volume of fresh peaches coming to the markets cannot be accurately predicted, because peaches are highly perishable and cannot be stored and because fresh peaches are imported into Ontario in heavy volume, it appears that fresh peach "marketing illustrates in exaggerated form every weakness that can be found anywhere in agricultural marketing". While the effects of surpluses and shortages may be mitigated so far no system of marketing has been devised to eliminate them. Nevertheless a more solid foundation had now been laid for future accomplishments in fresh peach marketing. But because peaches are grown in so widely different and distant places and because supplies vary so greatly and so quickly, considerable costs of organization and transport are involved in their marketing. As a result complete flexibility of operation is essential and the study now necessary is to ascertain how best it can be achieved under a compulsory form of organization.

4

THE ONTARIO FARM PRODUCT MARKETING PLANS WHICH LAPSED

During the period under review there were eight farm marketing plans favourably voted on but confidence in them was soon lost by their members. On re-votes five failed to carry and were revoked. Two of the plans never came in operation. One discontinued operation since the regulated product ceased to be commercially grown in the Province.

The reasons for winding up were many. But as with voluntary co-operatives, here and elsewhere, it is a matter of record that about as many compulsory farm marketing boards died because their aims and objects were not possible of attainment as died from inefficient direction and management. A brief review of the eight Ontario farm marketing boards which discontinued operations over the past twenty-five years is not without interest. The five which were revoked following plebiscites which failed to carry were all agency type fresh vegetable marketing schemes.

(a) The Holland Marsh Growers' Marketing Scheme, 1937

This scheme approved on an 85 per cent petition of the 175 Holland Marsh growers had as its purpose the establishment of central selling organization for the main market garden crops then produced in the Marsh.

After three disastrous marketing seasons, 1934-1936, the Holland Marsh growers had come to the conclusion they were their own worst enemies in marketing their produce. Through persistent direct buyer and trucker solicitation amongst the growers on the Marsh producers were panicked into taking the lowest price the least resistant grower would accept for his produce. In this way prices were frequently driven below their real market value while demand and supply factors were not operating at all. The success of the South Essex Growers' Co-operative Exchange, Leamington, Ontario, in eliminating practically paralleled unsatisfactory conditions had finally convinced the Holland Marsh growers of the necessity of their organizing in more or less the same way.

As a result and before The Farm Products Control Act, 1937 had been passed the Marsh growers had organized the Holland Marsh Vegetable Growers' Co-operative Association and 120 of the 175 growers on the Marsh had voluntarily contracted with the Association to market their entire production through it which on a volume basis represented over 90 per cent of the crops grown on the Marsh. Now with the passing of The Farm Products Control Act providing for complete adherence to a marketing scheme, if a fair majority of the growers approved, the members of the Holland Marsh Vegetable Growers' Co-operative Association felt all growers on the Marsh should be required to come in on the same terms as those already in. On approval of the scheme the Holland Marsh Vegetable Growers' Co-operative Association was appointed the sole selling agency for the Holland Marsh Vegetable Growers' Marketing Board.

Chiefly due to severe financial losses occasioned in a separate voluntary undertaking, which was not part of the scheme, to

pool and to central grade and pack the lettuce crop, the chief summer crop grown on the marsh, grower support both to this project and to the Holland Marsh scheme itself was withdrawn. Chief objection to the separate lettuce operation centred on the two-day pooling of returns as unfair to the grower of good quality produce. This was important as there were wide variations in the ability of the growers and of the quality of produce produced on the marsh. Also central packing proved uneconomical and too costly for the extra price obtained for the final product. In the violent split between the growers which developed the selling agency of the Growers' Marketing Board was accused of inefficiency. Competition from the other districts surrounding Toronto producing vegetables, it was argued, made any attempt at a regulated price for marsh produce alone an impossibility. Certain growers claimed they had been assured that private trade they had built up over the years would be exempt from the scheme. Now they found this was not so. To the objectionists this was breach of contract. The new selling agency was accused of going after this private trade with poorly packed and low quality goods. This had destroyed buyers' confidence, it was broadcast over the marsh, to the end the buyers almost preferred not to buy Holland Marsh produce from anybody. Of all the objections to the marketing scheme the problem of growers' private trade versus central selling was by far the greatest issue. It was also about the only valid one. But within two months of approval largely due to the disastrous attempt to central pack lettuce favourable grower support was gone and the operation of both the lettuce pool and the vegetable marketing scheme ceased. Actually the Holland Marsh growers were not prepared or ready then for the full agency type marketing plan they attempted. The abortive effort, however, probably put organized marketing back some ten years at the Holland Marsh.

(b) The South Essex Growers' Marketing Scheme, 1937

This scheme approved on a 95 per cent petition of the 315 South Essex growers deserved a better fate than it received. There was in existence in the South Essex district at the time the South Essex Growers' Co-operative Exchange through which all its members' produce was sold. Membership in the Exchange totalled 95 per cent of the growers in the district. But the 5 per cent of the growers outside the organization frequently demoralized the market through selling inferior produce at lower prices to small trucker-dealers. The purpose of the proposed scheme was only to provide that all produce grown in the area must be graded and Government inspected before being sold. The powers requested would authorize the Exchange to license all buyers coming into the district, a condition of which would be that only graded and inspected produce could be purchased. Due to existing farm products grading legislation the use of The Farm Products Control Act for this purpose was questioned. The Exchange's right to license buyers in order to impose grading and inspection regulations on non-members of the organization was also challenged.

Unfortunately due to jurisdictional difficulties in 1937 in co-ordinating the fruit and vegetable grade regulations and in-

spection staffs under The Canada Fruit, Vegetable and Honey Act on interprovincial shipments and under the new Ontario Farm Products Grades and Sales Act on intra-provincial shipments, the scheme never came into effect.

(c) The Erie-St. Clair Onion Growers' Marketing Scheme, 1939

This scheme approved on a 75 per cent petition of the 300 Leamington, Jeannette's Creek and Erieau onion growers in Essex and Kent Counties attempted the most ambitious marketing programme of any scheme approved to-date under the new Ontario Farm Products Control Act. Approval was granted in the understanding a vote would be taken before the scheme continued in 1940. The purpose of the plan was to sell centrally the entire onion crop produced in the defined area. An existing organization, the Ontario Onion Growers' Co-operative Co. Ltd., was appointed the selling agency of the Erie-St. Clair Onion Growers' Marketing Board for this purpose.

A further feature of the plan was an agreement arrived at between the Erie-St. Clair Onion Growers' Marketing Board, its selling agency and the Government of Canada whereby the latter, under the authority of its Agricultural Products Co-operative Marketing Act, guaranteed any loss that might be sustained if the selling agency had to dispose of onions below a scale of agreed on average prices. These permitted initial advances to be paid to the growers as soon as the onions were stored in approved warehouses with a final payment due, depending on the season's business, after the selling agency had disposed of the whole crop, usually in April or May of the following year.

To promote orderly selling the crop was divided into allotments or quotas, each grower was allowed to ship only one quota until all the other growers had shipped their quota, after which a second quota was released. In the meantime each grower was responsible for the deterioration that might occur in his own onions and for supplying the help necessary to bring them up to grade when his turn came to ship. The 1939 Ontario onion crop was estimated at some 480,000 bags (100 lbs.) of which 420,000 bags or 85 per cent of the total was believed to be located in the counties of Essex and Kent. Despite three reductions in the minimum prices set by the selling agency during the November, December, January, 1939-1940 period, sales were less than half those anticipated. Distribution to the Maritime Provinces and to the West Indies had been normal but sales to the Toronto and Montreal terminal markets had been very disappointing. The total crop was turning out larger than expected, a serious surplus was accumulating in Essex and Kent, while the crop in the districts outside the regulated area in the Province, already shown to have been very much under-estimated, was selling readily at below Essex-Kent prices.

At the beginning of 1940 there were 125,000 bags of onions on hand or well over 30,000 bags in excess of the normal supply for that season of the year. Little likelihood existed of selling this quantity unless half of the onions could be placed in dry cold storage. Possibilities of a large-scale advertising campaign and a substantial war order for dehydrated onions were canvassed and abandoned for lack of funds and public interest.

Grower violations particularly by those who had not applied for initial advances under the Federal co-operative crop guarantee soon started. Quotations to the Maritime Provinces and then widespread at lower than prescribed prices soon became general. The same dissidents complained that the proponents of the scheme had sold it on misrepresentation to the growers and their share-men by promising that the initial advances under the Federal crop guarantee would equal the market price — which wasn't so.

Clean-up of the crop largely became a salvage operation. Rank and file growers had the protection of their initial advances — scarcely of stop loss value. A much higher average market price than was realized by the selling agency was necessary to retire the obligations incurred through the advances. There was no final payment on the season's business and no demand for a vote on the continuation of the scheme in 1940.

(d) The South-Western Ontario New Potato Growers' Marketing Scheme, 1948

This scheme voted in by a 69.4 per cent favourable vote of the 855 new potato growers eligible to vote in Essex and Kent Counties and the Township of Aldborough in the County of Elgin attempted to operate an agency type marketing plan on the negotiating plan basis. The new potato marketing season is short beginning about July 1st and ending on September 1st annually when between 900,000 and 1,000,000 75-lb. bags of potatoes had to be sold. The local dealers of new potatoes in the area were licensed. A Negotiating Committee of three growers appointed by their Marketing Board and three dealers appointed by the licensed dealers was empowered to set minimum prices and terms of sale. In the fast moving wholesale market set minimum prices for produce in extremely variable supply can only hold until further notice. Meetings were frequent, discussion seemed endless, but when the season ended only five downward price changes were made as volume increased from the opening quotation of \$3.25 per bag on July 1st to the closing price of \$1.50 per bag about August 15th, f.o.b. Leamington. The scheme was not 100 per cent effective but much had been learned from the first year's experience. 1949 turned out about the same as 1948. Additional terms of contract were established setting the dealer's maximum charges to the grower for handling potatoes, providing for cash payments by the dealers to the grower for all potatoes on delivery and fixing the brokerage payable by the dealers to all licensed brokers in Canada. Regulations were also approved providing for the compulsory grading and inspection of all new potatoes shipped out of the area.

But 1950 turned out to be a different year. In an effort to maintain orderly marketing through regulating the supply being shipped daily, the Farm Products Marketing Board delegated the authority to the South-Western Ontario New Potato Growers' Marketing Board to fix individual grower harvesting and shipping quotas. It was felt this authority, along with a new system of daily market reports on distribution by the dealers, would better regulate supplies to the major terminal markets at Toronto, Montreal and to the Maritimes. It would also ease the sharp downward

price drops to which the industry was subject as the volume harvested increased during the season. This was the first time under Ontario law production control was attempted by a farm marketing plan. Weather conditions that year delayed planting in the regulated areas but planting was normal in the other districts in the Province outside the scheme. When the marketing season opened this situation favoured the growers outside the scheme selling first to the higher priced early market. Then heavy supplies of imported new potatoes arrived on the Montreal and Maritime markets just as the delayed movement of early potatoes got underway from the regulated areas. Growers outside the scheme sold out quickly. Growers under the scheme operating under a slow pricing system and under harvesting quotas saw the movement of their crop slowed down to the point where it would lose its early advantage and would soon be competing with the Ontario intermediate potato crop at a further reduction in price. The loyalty of a number of growers to their marketing scheme soon evaporated. Several ignored the minimum price regulations and violated the digging quota restrictions. Some dozen prosecutions resulted in a number of them being fined. Discontent rapidly mounted and ultimately forced a vote of confidence which resulted in approximately one-third of the growers voting for the scheme to continue, one-third voting for the scheme to be revoked and one-third abstaining from voting. As the percentage favourable was not half the minimum necessary, the scheme was revoked that year. A trend not noticed at the time showed later that the acreage to new potatoes levelled out in Essex County and declined in Kent County on the failure of the scheme but increased in the area outside the regulated area, particularly in the County of Elgin — a development the old established new potato areas in Essex and Kent Counties had not fully recovered from ten years later.

(e) The Ontario Honey Producers' Marketing Scheme, 1950

This scheme voted in by an 82.5 per cent favourable vote of the 2,003 honey producers throughout the Province eligible to vote proposed through negotiation with the honey packers to establish minimum prices and conditions of sale to the producers.

Almost immediately after the scheme received approval its proponents decided the scheme could not operate successfully unless two powers were added to the plan not put before the producers at the time of the plebiscite. These were:

- (a) to regulate the marketing of Ontario honey sold by the producers direct to the retail trade; and
- (b) to regulate the marketing of honey sold in Ontario but not produced in this Province.

In due course the Farm Products Marketing Board advised the honey representatives that the necessary amendments would be made to the scheme to provide for the regulation of honey sold by producers directly to retailers but that the Board was not prepared to accede to the request to provide for the regulation of the marketing of honey imported into the Province.

As a result the honey representatives requested the scheme not come into operation and for this reason it never took effect.

(f) **The Bradford-Marsh Fresh Vegetable Growers' Marketing Scheme, 1952**

This scheme voted in by an 85 per cent favourable vote of the 477 Bradford Marsh growers eligible to vote had as its purpose a negotiating type marketing plan for the four main summer vegetables grown in the area; i.e. lettuce, early celery, early potatoes and carrots.

No farm product marketing scheme approved in Ontario before or since had anything like the degree of development and educational work put on it by its promoters. During the 1950 and 1951 seasons the proposed plan was operated on a voluntary basis with quite reasonable success. During the winter months prior to the 1952 season at least forty largely attended meetings were held between the growers, dealers, Government officials and others where the proposed plan was exhaustively discussed, debated (sometimes in two and three languages due to the several nationalities on the marsh) and in the end fully endorsed. No marsh grower could reasonably claim not to be aware of any provision of the proposed programme.

This scheme embraced some new features in handling the quick marketing of crops like early vegetables but the basic plan of operation was simple. The local dealers in the area were licensed. A Negotiating Committee of five growers appointed by their Marketing Board and five dealers appointed by the licensed dealers was empowered to set minimum prices and terms of sale for the four regulated products. This Committee met daily Mondays through Fridays of each week during the season of the year the scheme operated. Minimum prices, f.o.b. dealers' warehouses at Bradford, were established, and, unless renewed, were in effect for twenty-four hours only from midnight on the day set to the following midnight. The growers' licence fee was set at 10 per cent of the day's selling price for each crop. This money went into a fund some 10 per cent of which was used for administrative expenses and the remaining 90 per cent was used to market surpluses. Any grower who could not market any of his four regulated crops through his customary dealer on any day could deliver his produce to his Marketing Board at the minimum price for the day. The Board stored or sold the surplus depending on the market and dumped it subsequently if sale proved impossible.

Despite a ten per cent increase in the planted acreage of the four regulated crops the prices obtained during the first year's operation in 1952 showed a substantial improvement over the average prices obtained on a free market in 1951. Marsh growers were highly encouraged with the success of their new organization. But lettuce and potato prices declined in 1953 and sharp differences of opinion began to arise between groups of growers as to the value of their marketing plan. The 1954 season was even more unsatisfactory with seasonal average prices lower than in 1953. Returns from lettuce, the major summer crop in volume and value, were particularly disappointing. Among the 485 growers in the Bradford Marsh at the time there were some 45 who trucked their own produce (along with some of their neighbours) to nearby local markets for sale and some eight to ten large growers who had become important dealers with modern packing, shipping and storage warehouse facilities. This latter group had largely organized

and developed the Bradford Marsh Fresh Vegetable Growers' Marketing Scheme. Unproven charges flared between the 425 smaller growers selling their crops to the large grower-dealers and between the smaller growers and the trucker-growers over alleged advantage being taken by the trucker-growers and the grower-dealers to sell their own grown produce first. A petition at the end of the 1954 season signed by 50 per cent of the growers requested a confidence vote on the scheme before the 1955 season opened. The request was granted and on the plebiscite 37 per cent of the growers voted for continuation and 40 per cent voted for revocation with the balance abstaining from voting. As the result was far below the $66\frac{2}{3}$ per cent favourable vote required, the scheme was discontinued.

Experience showed there were errors in the operation of the plan. Many growers used the pool indiscriminately to get rid of their surpluses, many growers allowed their grade and pack to deteriorate (it was going to the pool anyway), the scheme created false markets in that growers used the pool as a dumping ground, possibly growers were paid too much for their surplus, very likely there was severe price cutting among the dealers. A lot of sniping over the proprietary of certain grower-dealers being elected members of the Growers' Marketing Board went on even when it was self-evident the scheme could not hope to succeed without their support. But a large number of the responsible marsh growers have had continued misgivings ever since as to whether they acted wisely in abandoning their organization in 1955. Had there been more confidence and mutual respect and less distrust, suspicion and jealousy the scheme would likely have succeeded. It may be only a matter of time until another effort at organized vegetable marketing is made in this area and probably for a longer period than just the summer months in each year.

(g) The Essex-Kent Sett Onion Growers' Marketing Scheme, 1954

This scheme voted in by a 73 per cent favourable vote of the 160 Essex-Kent sett onion growers eligible to vote attempted to operate an agency type marketing plan to sell the 150,000 (50 lb.) bag average crop of early onions grown from setts as distinct from the much more important and later harvested mature onion crop grown from seed. A private company was appointed the selling agency of the Sett Onion Growers' Marketing Board. This agency entered into agreements with the ten dealers in the area to sell the crop as sub-agents of the agency for the growers. Other buyers were required to obtain their supplies from one of the ten licensed buyers. The agency met throughout the season and set minimum prices from time to time to be paid to the growers.

Actual selling was done by the licensed dealers and during the early period of operation the dealers dealt directly with the individual growers, paying them the price set by the local board and re-selling at whatever price they could get. This led to abuses and uneven distribution of buying, with some growers selling out early and others having their crops left to the end of the season. The market always opened at a fairly high price and declined as the season went along, so some growers got a high price for their crop and others a low price for their crop. Since the high land growers were always ready before the marsh growers, they got the best

price. Acreage increased on the sandy land around the town of Leamington and decreased on the marsh land. Due to excellent growing conditions yield per acre in 1955 almost doubled that of 1954 with the result the season's average price dropped some 20 per cent. Dissatisfaction among the growers on marsh lands, who averaged less per bag due to a later maturing crop than growers on high land, led to a petition being filed requesting that the scheme be revoked before the 1956 season. Rather surprisingly of the 200 growers then eligible to vote only 40 voted in favour of continuation and 40 voted for revocation. The remaining growers did not vote. As the number voting for revocation was less than one-third of those eligible to vote, the scheme was left in force. Due to a later wet spring, yield per acre in 1956 dropped considerably below the previous year. The seasonal average price per bag doubled that of the previous year and the growers' confidence in their marketing organization was temporarily restored.

The renewed trust soon turned to disbelief. Due to favourable growing conditions in 1957 yield at 200,000 bags was 25 per cent higher than in 1956 and for other reasons 1957 was a year of particularly poor financial returns to the growers, even worse than the distress year of 1955. New York State growers, the leading sett onion competitors on the Canadian market, also had an unusually heavy crop and were prepared to quote any price to sell their surplus. During the month of July, 1957, over 100 carloads of sett onions were imported into Toronto and Montreal from the United States. Such a quantity was sufficient to delay the sale of half the Ontario sett onion crop for a period of three months. An effort was made that year to distribute sales more evenly by establishing allotments so that each grower could sell only part of his crop at one time. Five pools were set up in which the prices were averaged. Each grower was entitled to ship 20 per cent of his sett crop in each pool. But the market was so draggy, due to the large domestic crop and to the heavy imports, that it took too long to sell the quota in each pool. Before the third pool quota was sold the onions grown from seed were ready to harvest. Since they are preferred by the trade to sett onions the sett onion market collapsed with some 50,000 bags still unsold, which were dumped. Even with a quota system some growers and some districts got hurt more than others. Blenheim District, for instance, sold out its first quota before the Leamington District was half through its first quota and then had to sit back and wait for the Leamington District to catch up. Meanwhile Blenheim onions deteriorated in quality. When the second quota was released the dealers shied away from the Blenheim onions with the result the Leamington District growers finished their second quota and went on selling their third quota before the Blenheim District growers had sold half their second quota. When the market collapsed about September 1st, Blenheim District growers had sold only half of their sett onions, Leamington District growers had sold three-quarters of their sett onions and Jeannette's Creek growers had sold all their sett onions. The resulting agitation among the producers started by the Blenheim growers over the usefulness of the sett onion scheme led to the inevitable plebiscite on the question of its continuation before the 1958 marketing season opened. Of the 219 growers eligible to vote only 28 growers voted in favour, 95 growers voted against and the remaining growers did not vote. The sett onion scheme failed largely

because it curtailed the marketing of the seed onion crop, a more important enterprise both to the sett onion growers and to a much larger group of seed onion growers in the Province.

(h) The Winter Celery Growers' Marketing Scheme, 1949

Late in 1948 the growers of celery for storage for winter sale in Ontario organized a storage celery marketing scheme. Under the Government of Canada's post World War II austerity programme to save Canadian dollars spent on luxury foreign goods, domestic perishable produce of this type due to restricted imports was becoming valuable property to its owners. Frequently, however, the owners were not the producers. It was also realized the exchange restrictions would not be in effect indefinitely. Storage celery growers felt the time had arrived when they should direct the marketing of their extremely perishable crop in a more stable and orderly fashion than had been the case in the past. They, therefore, applied for a storage celery marketing scheme similar in many respects to the South-western Ontario New Potato Marketing Scheme. The plebiscite on the proposal succeeded and the scheme came into operation with the marketing of the 1949 crop.

The scheme presented the same pricing problems common with all fresh produce marketing plans. Wide variation from season to season in supply, in quality and a tendency to breakdown in storage caused by heartrot in certain years made effective pricing and stable marketing dependent on the condition of the annual celery crop. In the six years' operation of the scheme, 1949 through 1954, effective results from the use of marketing powers were obtained in three crop years, 1950 through 1952. But the combination of abnormally large crops, poor quality and storage breakdown factors and lack of authority over the portion of the crop shipped to the Montreal market rendered price and market regulations ineffective in 1949, 1953 and 1954.

Beginning in 1955 the development of new varieties in the United States made available a supply of fresh celery on the Canadian market throughout the year. Canadian consumers quickly showed a preference for imported fresh green celery compared to the domestic white out-of-storage product. From 1955 to 1957 a strong market existed for the limited domestic crop with the result the Ontario Winter Celery Growers' Marketing Board exempted the growers from the regulations of the scheme. In 1958 due to the steady decline of this industry in the Province over the preceding four years, the celery scheme was revoked at the request of the local board.

For several years Ontario legal officers had been concerned that licence fees and service charges levied under marketing schemes and based on the quantity of the farm product marketed and payable by the producer through deductions made from his returns by the buyers might be deemed to be indirect taxation and, therefore, invalid under Provincial legislation.

This concern was increased by a decision of the Supreme Court of Canada on a reference by the Province of Prince Edward Island, January 31st, 1952, over the validity of certain regulations under the P.E.I. Potato Growers' Marketing Scheme including the service charge of 1c per bag (100 pounds) of potatoes levied under the scheme. The Supreme Court ruled the levy an indirect tax and therefore ultra vires the Province. Regardless of this and other cases, however, Ontario Government policy continued to be that the provisions providing for the collection of licence fees, service charges and the pooling of returns to producers in The Farm Products Marketing Act were valid until successfully challenged in the Courts in Ontario.

On 25th January, 1955, Mr. T. H. Parker, Sebringville, Ontario, applied to the Ontario Supreme Court for a declaration that several regulatory provisions, including the collection of licence fees under the Ontario Hog Producers' Marketing Scheme, were invalid. The case was regarded so seriously because of its possible effect on the marketing programme of all provinces having natural product marketing legislation that the Government of Ontario amended The Farm Products Marketing Act during the 1955 Session of the Legislature to clarify the powers respecting the appointment of marketing agencies together with their authority to direct the marketing and to fix the price or prices of any regulated product. As a result of these amendments, Mr. T. H. Parker withdrew his action before the Ontario Supreme Court when agreement was reached with the Ontario Hog Producers' Marketing Board on his costs.

But the Ontario law officers continued in the opinion that an amendment to The Canada Agricultural Products Marketing Act was the quickest method of validating the collection of licence fees or service charges and pooling the returns to producers from the sale of regulated products under all Provincial marketing schemes. As a result the Prime Minister of Ontario arranged to have the subject included on the Federal-Provincial Conference agenda in April and again in October, 1955, for study. During the October session of this Conference, the Prime Minister of Canada stated he did not favour an amendment to The Canada Agricultural Products Marketing Act or to the proposed amendment being passed as a separate Act since the questions involved had never gone to trial in any court. The Prime Minister of Canada agreed, however, to facilitate a reference to the Supreme Court of Canada with respect to the validity of the Ontario legislation, regulations and orders in connection with farm marketing. Thereupon, the Ontario Minister of Agriculture listed the questions the Ontario law officers wished included in the reference with the Canada Minister of



THE HONOURABLE LESLIE M. FROST, P.C., Q.C.

Lindsay, Ontario

Prime Minister of Ontario, 1949-1961

Forced the 1955-57 reference to the Supreme Court of Canada on the validity of several points of Provincial farm marketing legislation.

Agriculture. The Prime Minister of Ontario indicated in several ways he was anxious that the question be argued before the Supreme Court of Canada as soon as possible so that any remedial legislation necessary, Federal or Provincial, could be enacted prior to the 1956 farm marketing season.

On November 23rd, 1955, the Minister of Justice for Canada referred the question of the validity of The Ontario Farm Products Marketing Act and schemes, regulations and orders thereunder to the Supreme Court of Canada. The reference listed eight questions on which the opinion of the Court was requested:

- (1) Is Clause (1) of subsection 1 of Section 3 of The Farm Products Marketing Act ultra vires the Ontario Legislature either in whole or in part and if so in what particular or particulars and to what extent? The subsection is:
 - (1) authorize any marketing agency appointed under a scheme to conduct a pool or pools for the distribution of all moneys received from the sale of the regulated product and requiring any such marketing agency, after deducting all necessary and proper disbursements and expenses, to distribute the proceeds of sale in such manner that each person receives a share of the total proceeds in relation to the amount, variety, size, grade and class of the regulated product delivered by him and to make an initial payment on delivery of the product and subsequent payments until the total net proceeds are distributed.
- (2) Is the Ontario Hog Producers' Marketing Scheme ultra vires the (Ontario) Lieutenant-Governor in Council either in whole or in part and if so in what particular or particulars and to what extent?
- (3) Is the regulation appointing a marketing agency and the powers delegated to the marketing agency to control and regulate the marketing of hogs ultra vires the Farm Products Marketing Board either in whole or in part and if so in what particular or particulars and to what extent?
- (4) Is the order dated June 18th, 1955, by the Ontario Hog Producers' Marketing Board fixing the service charges (24c per hog plus a pro-rating charge of 20c per producer settlement statement) to be imposed by the marketing agency on the hog producers, ultra vires the said Board?
- (5) Is the regulation under the Ontario Peach Growers' Marketing-for-Processing Scheme fixing the licence fee (50c per ton) payable by the grower for each ton or fraction thereof of peaches delivered to a processor ultra vires the Farm Products Marketing Board?
- (6) Is the regulation under the Ontario Vegetable Growers' Marketing-for-Processing Scheme fixing the licence fee ($\frac{1}{2}$ of 1 per cent of the total sale price) payable by the grower for each ton or fraction thereof of vegetables delivered to a processor ultra vires the Farm Products Marketing Board?
- (7) Is the following proposed amendment to The Farm Products Marketing Act ultra vires the Ontario Legislature either in whole or in part and if so in what particular or particulars and to what extent?

authorizing* a local board:—

- (i) to inquire into and determine the amount of surplus of a regulated product,
 - (ii) to purchase or otherwise acquire the whole or such part of such surplus of a regulated product as the marketing agency may determine,
 - (iii) to market any surplus of a regulated product so purchased or acquired,
 - (iv) to require processors who receive the regulated product from producers to deduct from the moneys payable to the producers any licence fees payable by the local board and to remit such licence fees to the local board,
 - (v) to use such licence fees to pay the expenses of the local board and the losses, if any, incurred in the marketing of the surplus of the product and to set aside reserves against possible losses in marketing the surplus of the regulated product,
 - (vi) to use such licence fees to equalize or adjust returns received by producers of the regulated product.
- (8) If the answer to question No. 7 is in the negative, could the Farm Products Marketing Board under the proposed amendment, authorize a marketing board to impose licence fees on all producers in the province of the regulated product based upon the volume of the product marketed and to use such licence fees to equalize or adjust returns to the producers?

The hearing was held during April 24th to 26th, 1956. The questions submitted in the reference were intended to test the validity of all of the Ontario marketing legislation and in addition to give an answer to the validity of other legislation frequently discussed by marketing bodies of levying a licence fee for the purpose of equalizing or adjusting returns to producers. The main points, however, were determination of the validity of licence fees levied on producers in proportion to the quantity of produce marketed, collected by the dealers or processors by deduction from the producers' returns and paid over to the producers' organization and determination of the validity of service charges imposed and collected in the same manner by marketing agencies from producers. The Farm Products Marketing Act was, by amendment in 1956, assumed to apply only in the case of intra-provincial transactions. The questions submitted in the reference respecting regulations under the Act were based on the same assumption by inference.

* The subject matter of the proposed amendment was of chief interest to the Ontario dairy farmers. The authority of a Provincial Legislature to authorize the collection of the moneys to finance such a marketing programme, however, had been questioned.

As the powers given under The Farm Products Marketing Act for the marketing of hogs in the Ontario Hog Producers' Marketing Scheme had been extended under The Agricultural Products Marketing Act (Canada) for interprovincial and export marketing of hogs, that statute, which had been held to be good law in the 1952 decision of the Supreme Court of Canada in *Willis vs. P.E.I. Potato Marketing Board* came under review in the submissions of Counsel in the reference. In support of the existing Ontario legislation, Mr. C. R. Magone, Q.C., Ontario Deputy Attorney-General, and Mr. H. E. Harris, Q.C., St. Catharines, representing the Province of Ontario, and the Ontario Peach and Vegetable Growers' Marketing Boards, and Mr. R. H. Milliken, Q.C., Regina, Sask., representing the Ontario Federation of Agriculture and the Ontario Hog Producers' Marketing Board (and its marketing agency, the Ontario Hog Producers' Co-operative) argued in support of the proposition that the Ontario legislation was valid in respect of transactions wholly within the Province as was held by the Privy Council in 1937, and that where transactions in the marketing of hogs resulted in interprovincial or export trade they were valid by the extension of powers by Order-in-Council under The Agricultural Products Marketing Act (Canada).

Mr. J. J. Robinette, Q.C., Toronto, Ontario, appointed by the Supreme Court of Canada to argue against the validity of the legislation made many submissions, the main ones being:

1. the schemes are not properly set up in that a scheme of marketing is contemplated in the Act but each scheme as such is not complete, requiring regulations to complete it.
2. the levying of licence fees on producers is a colourable device to impose indirect taxation (a power reserved to the Government of Canada under Section 91 of the B.N.A. Act).
3. the Ontario marketing legislation and regulations are so widely framed they do not confine marketing operations to the Province.

All farm marketing organizations across Canada awaited the decision of the Supreme Court on the questions submitted in the reference. It came on January 27th, 1957.

From the Reasons for Judgment handed down by the eight Justices of the Supreme Court of Canada who heard the argument the majority were of the opinion that the provision of The Farm Products Marketing Act with respect to the pooling of the product was a valid provision provided that it applied to a product that did not enter into interprovincial or export trade.

Similarly the provisions made by the regulations of the different producer marketing boards with respect to the imposition of service charges or licence fees were held to be valid provisions.

The Court was unanimous, however, in holding that the proposed amendment to The Farm Products Marketing Act to provide for the equalization of returns by the collection of licence fees would be *ultra vires* the Provincial Legislature.

The decision was a major step forward in several respects. But it was a highly qualified judgment in one regard. The decision ruled that the marketing not only of the regulated product but

also the consumption of the finished product processed from the regulated product must take place within the Province in order for the Provincial law to be valid. It is assumed, of course, that where the Provincial marketing act ceases to have effect the Federal marketing act takes effect. But the decision concerning the consumption of the finished product being confined to the Province placed a producer marketing board in an impossible position to supply the necessary onus of proof under British law in any court case. No producer marketing board could prove the ham, the bacon, the fresh pork or the fertilizer made from a hog processed in Ontario was consumed or used in Ontario, or that the canned tomatoes, peas, corn or peaches made from the fresh fruits and vegetables processed in Ontario were consumed in Ontario. Nor could the processors, at least at the time these raw products were purchased, prove where the finished products were or would be consumed. In these circumstances the Ontario law officers felt that it was necessary for both The Ontario Farm Products Marketing Act and The Canada Agricultural Products Marketing Act to contain sections placing the onus upon the accused rather than the accuser, of proving in any action, that a product is not a regulated product within the meaning of the Act. As a result both Acts were amended in 1957 on this point.

Ontario law officers also felt that the buyer, processor or shipper marketing the product would be able to satisfy the onus where a producer or his marketing agency could not possibly do so. For this reason in addition to the reverse onus section now provided for in both Acts provision should also be made that in any prosecution under either Act the Justice may, if he finds that the offence was not proved under the Act under which it was laid but that the evidence establishes an offence occurred could convict the accused under the appropriate Act notwithstanding that no information had been laid under that Act. The Ontario Farm Products Marketing Act was amended so to provide but the Government of Canada declined to amend its Agricultural Products Marketing Act on the point.

Also as a result of the decision the Government of Ontario requested the Government of Canada to amend its Agricultural Products Marketing Act to permit producer marketing boards to impose and collect levies or charges from producers for the purpose of equalizing or adjusting returns to producers in respect of marketing in both intraprovincial and interprovincial and export trade. This relates to the matter in the reference to the Supreme Court of Canada on which the Court was unanimous in holding that the power to equalize returns is not within Provincial jurisdiction. The Government of Canada amended its Act as requested.

Major credit goes to the Ontario Government for fighting the question of the legality of farm marketing legislation through to a successful conclusion. In the end the Federal and all the Provincial Governments stood ready to give the farm organization all the necessary legislative assistance within their power in order to permit the unhampered operation of their programmes. The Supreme Court of Canada went a long way in 1957 to reverse its decision in 1936. At last the bugaboos of producer marketing boards under Provincial authorization in pooling returns to farmers

from the sale of their products and the threat of indirect taxation in collecting licence fees and service charges for administrative and marketing expenses including the construction of marketing facilities were permanently laid to rest. In addition farmers had obtained the new and far-reaching authority under Federal authorization to levy equalization fees in order to establish price support funds when needed to dispose of surplus products — a long held dream of many farm organizations.

Twenty-five years and longer ago the farmers' chief complaint was always that they had no funds to finance their marketing programmes. Now this problem no longer exists insofar as the producer organizations under farm marketing plans are concerned. A breakdown of the licence fees and levies collected on the marketing of the crops produced in Ontario in 1959 by the commodity groups under the authority of The Ontario Farm Products Marketing Act, The Ontario Milk Industry Act and The Canada Agricultural Products Marketing Act illustrates both this situation and the significance of the 1957 Supreme Court of Canada decision.

The figures shows that almost three and three-quarter million dollars was collected in 1959 under the authority of the Ontario Marketing Acts, of which over one and a half million dollars was for administrative expenses and over two million dollars was for market operations by the seventeen commodity groups concerned. In addition, levies collected under the authority of the Federal Marketing Act totalled over an additional one million six hundred and seventy-five thousand dollars by three of the commodity groups, of which slightly over one million dollars was rebated to the producers concerned that year.

1959 CROP LICENCE FEES COLLECTED FROM PRODUCERS BY ONTARIO FARM MARKETING GROUPS
 Licence Fees Collected Under Authority of Ontario Acts for: Levies or Charges Collected Under Authority of Federal Act for Market Support

1. UNDER THE FARM PRODUCTS MARKETING ACT	Administration	Market Operations	Total	Amount Collected	Amount Rebated to Producers
Full or Partial Marketing Agencies					
Ont. Bean Growers' Marketing Board	\$ 50,769	\$	\$ 50,769	\$ 487,478	\$ 454,060
Ont. Flue-Cured Tobacco Growers' Marketing Board	191,531	1,261,792	1,453,323		
Ont. Fresh-peach Growers' Marketing Board	107,509	24,769	132,278		
Ont. Hog Producers' Marketing Board	343,162	849,295	1,192,457		
Ont. Asparagus Growers' Marketing Board	3,840	25,906	29,746		
Ont. Wheat Producers' Marketing Board	64,844		64,844	578,762	578,762
Sub-Total Marketing Agencies	\$ 761,655	\$ 2,161,762	\$ 2,923,417	\$ 1,066,240	\$ 1,032,822
Negotiating Boards					
Ont. Soya Bean Growers' Marketing Board	\$ 32,185	\$	\$ 32,185		
Ont. Sugar Beet Growers' Marketing Board	15,158		15,158		
Ont. Seed Corn Growers' Marketing Board	7,065		7,065		
Ont. Vegetable Growers' Marketing Board	70,693		70,693		
Ont. Berry Growers' Marketing Board	2,443		2,443		
Ont. Tender Fruit Growers' Marketing Board	22,418		22,418		
Ont. Grape Growers' Marketing Board	14,806		14,806		
Sub-Total Negotiating Boards	\$ 164,768		\$ 164,768		
2. UNDER THE MILK INDUSTRY ACT					
Ont. Cheese Producers' Marketing Board	\$ 68,225		\$ 68,225	\$ 609,198	
Ont. Cream Producers' Marketing Board	115,434		115,434		
Ont. Concentrated Milk Producers' Marketing Board	143,857		143,857		
Ont. Whole Milk Producers' League	314,542		314,542		
Sub-Total Milk Marketing Groups	\$ 642,058		\$ 642,058	\$ 609,198	
TOTAL ALL COMMODITY MARKETING GROUPS	\$ 1,568,481	\$ 2,161,762	\$ 3,730,243	\$ 1,675,438	\$ 1,032,822



M. M. (BOBBY) ROBINSON
Burlington, Ontario

Editor, "The Grower" published monthly by the Ontario Fruit and Vegetable Growers' Association and well known for his spirited attack on all the forces known to be opposed to the grower interests.

Compulsory farm marketing was born in Canada in the severely depressed "dirty thirties" coupled with farmer fear of the large processing companies. But in 1960 the most important force behind the emphasis on compulsory farm marketing was the growing fear over the revolution in modern food retailing which had occurred during the previous fifteen years. That revolution produced the supermarket. The supermarket developed mainly in response to two other major developments in our economy since 1945 — the growth of the suburbs around our cities and towns and the rise in personal incomes.

Shopping needs of suburbanites led to the development of community shopping centres or plazas centred around large retail food stores. Other factors included improved transportation and storage and more widespread use of refrigerators in both homes and stores. Home refrigerators encouraged once-a-week shopping. With more bags to carry, husbands were pressed into service and shopping became a family expedition. This trend was reinforced by the increasing number of working wives; there are now twice as many married women as single girls working. Working wives are good customers for foods that may be prepared quickly and easily.

The food chain system of retailing with its emphasis on advertising, on volume and on continuity of supply has completely changed the habits of our consumers, and has introduced the Canadian public to a supply of fresh, frozen and processed foods the year round. Further, by stressing impulse buying and cash and carry, the food chains have introduced new demands and new costs through packaging and small units essential to self-service. The place has been reached today where the food chains appear to be more interested in offering consumers added services than lower prices. Some of these additional costs of distribution have been passed on and paid by the producers. Nevertheless, the diet of Canada today is more varied, more health-giving and more appetizing than it ever has been. But these advantages cost a lot of money.

During the same 20 year period, 1940-1960, some very exceptional changes took place in Canadian agriculture. The number of farm operators decreased from 733,000 to 481,000 — a reduction of 35 per cent. The average size of a farm increased from 256 acres to 359 acres. One person in agriculture in 1941 produced enough food on the average to feed 11 persons. One person in agriculture in 1961 produced enough food on the average to feed 27 persons. So with only about one-half the number working in agriculture, farm productivity in 1961 was 30 per cent greater than in 1941. Yet the financial rewards for this higher production have gone mostly to the consumer and to the retailer. Farm income continues to lag.

The food chains are price conscious almost to an unbelievable point. They watch each other like hawks. It is a cardinal sin to be caught off base on an advertised price. Checking the other fellow has become a business. Sometimes it results in open warfare, none of which is good for the farmer price-wise. Nevertheless,

the food chains can move a tremendous amount of produce. They can lift a surplus market out of difficulty in days. To their credit they respond willingly to requests for help provided they are assured they will not be undersold. But the eating habits of our people no longer change because of what the farmer or the agricultural scientist do. They change largely because of what the food distributors do. It is estimated in the United States that 25 to 40 per cent of food store volume today comes from products that were not on the market ten years ago. The big food store has also changed merchandising methods. Attractive packaging rather than attractive store clerks is now relied upon to sell food products. Impulse buying has become important especially since surveys have shown that only about 60 per cent of shoppers carry a prepared food shopping list.

There is little doubt but that the small corner grocery store is facing tough sledding in the future as the big chain stores expand in a rough and tumble battle that has altered the buying habits of Canada's housewives. Like the small farmer, the corner grocer faces the gloomy prospect of being absorbed in the drive for greater specialization.

The farmer's complaint against the food chains is not primarily against the price spreads they take. The complaint against the chains centers around the damaging effects of the "loss leader" to entice customers to the stores. The "loss leader" — selling at cost or below cost — was widely used during the 1930 depression. It was so devastating in its effect on farm prices that a campaign was launched by organized agriculture to secure adequate legislation to eliminate the practice. The outbreak of World War II deferred action on the matter and as the war progressed the problem became one of enforced maximum retail prices as profits were ample. Now the term is back in vogue with various refinements under the new name of "traffic builder", not because of a decline in buying power as was the case 25 years ago but because of chain store over-expansion in certain areas and the fight to maintain profit ratios. Five or six buyers now buy over 65 per cent of all the farm products, fresh and processed, and most other foodstuffs retailed in Ontario. As a result of this buy-power and the way the food chains are courted by growers, shippers, dealers and wholesalers, the situation narrows down to the fact the food chains exert a tremendous power in establishing prices in the farm product field. Except under abnormal weather and supply conditions the food chains often are the determining factor in establishing farm product prices. The shift by the chain stores to buy direct at shipping point rather than at traditional wholesale or terminal markets further lowered their average buying prices. Despite the very vigorous competition between the food chains, the smaller number of buyers and the growth of direct buying has resulted in less stability of prices to the producers. Hence we have compulsory farm marketing boards as the individual farmer, whose sole bargaining power in the market place is now nil, realizes he can only offset the type of large-scale organization and concentrated buying power he faces by group action on his own behalf.

Collective bargaining in agriculture put the marketing problem on a group basis. A marketing plan simply means group

bargaining. Group bargaining can be very effective when wisely used. For a wide range of annual crops like canning vegetables and sugar beets, Ontario farmers now know the minimum price they will be paid for specific grades, qualities and quantities to be delivered for processing in the fall before these crops are planted in the spring. For an important group of perennial crops like the tree and small fruits they now know the minimum price they will be paid when these crops are harvested. For several even more important crops in volume and value like flue-cured tobacco, dry beans, and other cash crops they know the minimum price they will be paid when these crops are delivered for sale or for processing. This system put a stability in the price structure farmers never previously enjoyed.

Group bargaining also made it possible for producers to accomplish collectively many things they were unable to accomplish individually. There are opponents of collective bargaining whether as applied to terms of employment by employers and organized employees or whether as applied to terms of fair prices for farm products by primary producers and buyers of these products. Some consider there is an infringement of freedom. It is true, however, that employers are not compelled to employ labour nor are buyers compelled to buy farm produce. There would seem to be as much justification for a minimum price for farm products as there is for minimum wage laws. Basically the legislation is only intended to give producers a direct and equal voice in marketing their own products with the buyers. It makes possible the establishment and maintenance of a minimum price based on crop and market conditions. It aims to prevent unjustified price-cutting at the expense of the producers.

Compulsory marketing has one prime purpose — stability of the price structure. Somewhere in the system of distribution between farm and kitchen table farmers believe some section or all sections of distribution failed them. The farmer realizes he is on the bottom rung of the ladder and above him is a huge superstructure of dealers, shippers, processors, wholesalers, retailers and consumers, few of whom seem charged with any degree of responsibility for the maintenance of a fair price or for any degree of stability. The farmer's vulnerability was increased by the perishable nature of his product. His very numbers, his rugged individualism, his inability to resist the many pressures of a competitive system made him the victim of the poorer practices of the free enterprise system. Somewhat isolated, lacking marketing knowledge, always seeking a home for his produce, competing with his neighbours for that home he was easy prey. He paid. Then came rebellion, and out of the revolt came the idea of collective action wherein the power of the group replaced barter by the individual.

One of the enlightening results of the collective bargaining process was the discovery that there is a large field of mutual agreement and identity of interest between producers and buyers. The fears that the granting of the kind of monopolistic powers that a compulsory marketing act provide would be used for the purpose of forcing higher prices on the consumer, with a resultant decrease in consumption and eventual damage to the producers themselves, have not been realized. As a matter of fact the contrary is

the case. The opportunity to negotiate prices in an orderly and intelligent manner actually promotes a better understanding of the economic forces involved. It results in more consideration of the real needs of the market than is possible under the old individual catch-as-catch-can judgments dictating the course of the market.

But the success of the price negotiating plans for some products unfortunately led producers of other products to conclude that the adoption of the bare mechanism of price negotiation would bring them similar benefits. From the foregoing chapters it may reasonably be concluded there are three broad classes of farm products in Ontario which react differently to any system of marketing control or regulation imposed by the producers on their own account.

1. Widely different products such as tobacco, fruits and vegetables for processing, and other cash crops have certain marketing and processing services in common that lend them readily responsive to market regulation while still in the hands of producers. An accurate forecast of the quantity to be on the market on any day or for any definite time is reasonably possible.
2. Livestock marketing which has a central processing service much akin to that of the above products but presents so many problems of initial assembling and transportation before the processor is reached that the same methods of treatment are not readily adaptable. Also an accurate forecast of the quantity to be on the market at any time is virtually impossible.
3. Fresh fruit and vegetable marketing, not involved in any processing service, has such an element of perishability and seasonal pressure that it imposes still different market treatment. Similarly to the second class of products an accurate forecast of the quantity to be on the market at any time is virtually impossible.

These marketing differences between these three classes of farm products in Ontario fairly well indicate two definite conclusions:

1. That the producers of the first named class have made most progress in the use of legislative machinery to bring stability into their marketing.
2. That the legislative machinery used to accomplish that stability in the first class does not fit the requirements of the products in the other two classes.

A peculiarity of all the farm products in the first class is that there is a prominent forward pricing place in the marketing chain where either minimum prices or actual prices can be imposed for a definite period of time by some process of negotiation between all buyers and all sellers through qualified representatives of each. This price negotiation feature, however, is only the end result of the individual producers having to discipline themselves under agreements or contracts with the buyers in starting their product into the market so that the fundamental conditions to make a negotiated sale are present. These fundamentals are:

1. Adequate knowledge by both parties of the total amount and quality of the product in the deal.

2. Reasonable understanding of the quantity and quality of each producer's share in the deal by such producer.
3. Precise determination, or understanding as to the time, place and other conditions of the sale.
4. Adequate machinery for making adjustments and settling disputes as to quality.
5. Assurance that no substantial amount of the produce in the deal, or from any other available source at a lower price than that agreed on, will get into the market being supplied.

Without most of these five conditions being present little effective use of marketing legislation by the producers on their own account is possible in the marketing of a product. As a matter of fact only through the struggle of bringing the product and its producers into the position of substantially meeting all of the five conditions will these benefits come. If these requirements are met then the price negotiation machinery will automatically succeed. The far-reaching amendments to the Farm Products Marketing Act in 1955 were made in an effort to meet the special conditions involved in the marketing of the second and third groups of farm products. The amendments provided for a wide extension to the little heretofore used powers respecting the appointment of marketing agencies and their authority to direct the marketing, to fix the price or prices and to prohibit the marketing of any regulated product. Agency marketing was devised to regulate prices for crops where negotiation is impractical, where price changes occur frequently even several times daily in the market and where forward pricing is not possible for any definite period of time.

Experience to-date has shown that no one type of regulation of marketing can be adopted for all products. Nothing can be more dangerous than to argue that a marketing system which works for one product can be satisfactorily applied to another. The marketing of eggs cannot be compared to the marketing of milk. But the egg marketing problem is not unlike the cream marketing problem. From the standpoint of the very large number of small volume producers involved, over 35,000 in each case, each group faces great difficulty in welding its members into a general primary marketing organization. Both industries fail to meet the first and fifth conditions. The illegitimate marketing of eggs would be easy. There would be evasion of the law which would either have to be winked at or harsher and more expensive measures of repression adopted. This is a fatal administrative difficulty. Ontario's winter wheat crop averaging about 24 million bushels annually of which only about 4 to 6 million bushels leave the farms for processing into pastry flours or for export illustrates another type of marketing problem. In central Ontario the crop is used to even up seeding and, if the market price is attractive at harvest time, the crop is sold and alternative feeds — oats, barley and corn — are bought. Hence in and out grower sellers in central and eastern Ontario could make a winter wheat plan difficult to handle. The industry fails to meet both the first and second conditions. The soya bean plan has never been able to meet the fifth condition since the production of this commodity in Ontario today only approximates some 45 per cent of Canada's domestic requirements for soya bean finished products. Similarly

the sugar beet plan has never been able to meet the fifth condition since the production of sugar beets in Canada only approximates 20 per cent of Canada's domestic sugar requirements.

These defects have now been largely overcome by the wide new authorities added to The Canada Agricultural Products Marketing Act in 1957 and to The Canada Agricultural Prices Stabilization Act in 1958. As a result, the original classification of producer farm marketing boards as one of two types — negotiating or marketing agency — or as classified in the United Kingdom — regulating or trading — while still valid under the Ontario marketing act is no longer valid when the producer marketing boards all succeed in obtaining the shelter of the Canada marketing acts. By 1960 various mixtures of the two types have developed as a result of use of Provincial law to regulate and control being combined with Federal law to establish support prices or to remove surpluses or to equalize returns. Ontario farm marketing boards now range all the way from those with full trading powers (marketing agencies) through those with negotiating powers plus limited trading powers to those with only regulatory powers. The Hog and Fresh-peach Marketing Boards have full trading powers. In addition, hogs have been prescribed a "named" product under The Canada Agricultural Prices Stabilization Act on which an annual support price is set. The Peach, Pear, Plum and Cherry and Asparagus Marketing Boards have full trading powers except that minimum prices are not set by the Marketing Boards but are established by negotiation or arbitration with the processors. The Tobacco Marketing Board is a negotiating board with added regulatory powers to control the time and place of marketing and is further distinguished by presently being the only marketing board in Ontario to hold the power to control the quantity marketed. The Dry Bean and Wheat Marketing Boards are negotiating boards with added Federal authority to levy equalization fees to assist the disposal of product surplus to domestic requirements. In addition, wheat has been prescribed a "named" product under The Canada Agricultural Prices Stabilization Act on which an annual support price is set. The Soya Bean, Sugar Beet, Seed Corn, Vegetable, Berry and Grape Marketing Boards are negotiating boards with no added trading powers. In addition, soya beans and sugar beets have been prescribed "designated" products under The Canada Agricultural Prices Stabilization Act on which annual support prices are set.

It remains significant, however, that the five marketing plans that were revoked in Ontario over the past 25 years have been in the fresh vegetable field as distinct from the processing field. In addition, while the Fresh-peach Marketing plan has accomplished much in the fields of pre-cooling, improved packaging and better quality, it has never been able to maintain a stable price throughout the season except in short or small crop years. The volume of horticultural produce coming to the markets cannot be accurately predicted. Most of it is highly perishable and cannot be stored. Most of the commodities, as far as the consumer is concerned, are to a large extent interchangeable with fresh fruits and vegetables now imported into Ontario. It is true the effects of excesses and shortages may be mitigated, but so far no system of marketing has been devised

to eliminate them. Fresh produce is grown in so widely different and distant places in Ontario and varies so greatly and so quickly that considerable costs of organization and transportation are involved in their marketing. As a result, flexibility of operation is essential and the question arises whether a fixed price control programme would not increase rather than decrease the costs of fresh produce marketing. In their mood in 1960 Ontario fresh peach growers would only abandon their price control programme most reluctantly. Nevertheless the cold facts of the market place have shown that agency marketing has not been fully successfully with horticultural crops marketed domestically for fresh consumption but such agencies have been highly successful in marketing these crops for export.

Marketing plans are essentially for regulating marketing by the producers. In all jurisdictions outside Ontario the farm product marketing acts were statutes to enable the majority of the producers to compel the dissident minority to go along with the majority. In Ontario, due to the influence of the early milk control legislation, the Farm Products Marketing Act was widened to include control of the buyers, dealers, processors and shippers as well as the producers. An increasing tendency developed during the 1940-1955 period to overlook control of the producers and apply the regulations largely against the buyers or processors. The situation was not too serious in the case of the negotiating type plans as control was exercised through a licence on the individual and where all the parties retained their natural legal rights. But it became a matter of equity in the case of the agency type plans where control was exercised on the regulated product and where the producers' sales agency was granted exclusive trading powers over everybody else. The persistence of a certain measure of uncooperative individualism on the part of both farmers and buyers neutralized the situation somewhat but it is worth noting there is no authority in the British Agricultural Marketing Acts or in any scheme under the Acts "to control the others in any trade". The buyers, dealers and processors must be licensed under the British Acts but the only conditions of the licences are that the buyers, dealers and processors shall only buy from a registered or exempted producer or a regulated product that a registered producer should be selling. With this limited exception it is the producers who are regulated under British practice. It is not suggested that Ontario should adopt British procedure completely in this matter but it is important for Ontario producers to remember that The Farm Products Marketing Act is class legislation in the sense it is designed especially for them and to make effective their marketing programmes. It then becomes basic that the producers themselves should be the first to comply with the rules and regulations prescribed by their own elected representatives.

Regardless of the unsolved problems in fruit and vegetable marketing for consumption fresh and of the farmer discipline necessary in agency marketing, producer use of farm marketing legislation, once described as radical, was by 1960 an accepted feature of the Ontario farm product marketing system. Including milk producers, over 70 per cent or 85,000 of the 120,000 farmers in Ontario were then members of one or more farm marketing

boards and over 50 per cent or some \$400,000,000 of the annual cash income of \$800,000,000 to the farmers in Ontario was then received through farm marketing boards. With the exception of beef cattle, poultry, eggs and potatoes, practically every key commodity produced in Ontario was now regulated by either of the farm product or the milk product marketing acts. Farm marketing plans had become an established feature of the agricultural life of this Province. No man can read the future with certainty. But it seems safe to predict that producer marketing boards, intelligently managed and loyally supported, will play an increasingly important part in the marketing arrangements for Ontario farm products in the future.



3 1761 11469126 4